

CIRCULAR DATED 6 OCTOBER 2017

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF RHT CAPITAL PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

This Circular is issued by BRC Asia Limited (the “**Company**”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company, please forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



BRC ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 193800054G)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY CONDITIONAL CASH OFFER

By

ABN AMRO BANK N.V., SINGAPORE BRANCH

(Incorporated in the Netherlands, with a branch office in Singapore)
(Registration No. T09FC0110H)

for and on behalf of

ESTEEL ENTERPRISE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201723571G)

to acquire all of the issued ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by Esteel Enterprise Pte. Ltd. and parties acting in concert with it

Independent Financial Adviser to the Independent Directors of BRC Asia Limited



RHT CAPITAL PTE. LTD.

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

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES MUST BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 20 OCTOBER 2017 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

CONTENTS

| | Page |
|--|------|
| DEFINITIONS | 2 |
| CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS | 8 |
| SUMMARY TIMETABLE | 9 |
| LETTER TO SHAREHOLDERS | 10 |
| 1. INTRODUCTION | 10 |
| 2. THE OFFER | 11 |
| 3. INFORMATION ON THE OFFEROR AND SHAREHOLDERS OF THE OFFEROR .. | 16 |
| 4. IRREVOCABLE UNDERTAKING | 17 |
| 5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY | 17 |
| 6. DIRECTORS' INTERESTS | 19 |
| 7. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS | 19 |
| 8. RECOMMENDATION OF THE INDEPENDENT DIRECTORS | 25 |
| 9. ACTION TO BE TAKEN BY SHAREHOLDERS | 26 |
| 10. OVERSEAS SHAREHOLDERS | 26 |
| 11. INFORMATION PERTAINING TO CPFIS INVESTORS | 27 |
| 12. DIRECTORS' RESPONSIBILITY STATEMENT | 28 |
| 13. ADDITIONAL INFORMATION | 28 |
| APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY | 29 |
| APPENDIX 2: GENERAL INFORMATION ON THE COMPANY | 70 |
| APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY. | 80 |
| APPENDIX 4: VALUATION CERTIFICATES | 114 |

DEFINITIONS

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

| | | |
|--------------------------------|---|---|
| “3Q2017” | : | In respect of the Company, the 9-month period ended 30 June 2017 |
| “ABN AMRO” | : | ABN AMRO Bank N.V., Singapore Branch, the financial adviser to the Offeror |
| “Accepting Shareholder” | : | A Shareholder who validly accepts the Offer |
| “AVIL” | : | Advance Venture Investments Limited |
| “Bondholders” | : | Holders of the Convertible Bonds |
| “Business Day” | : | A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 6 October 2017 from the Company containing, <i>inter alia</i> , the Recommendation and the advice of the IFA to the Independent Directors |
| “Closing Date” | : | 5.30 p.m. (Singapore time) on 20 October 2017, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgment of acceptances of the Offer, Options Proposal and Convertible Bonds Proposal |
| “Code” | : | The Singapore Code on Take-overs and Mergers, as amended or modified from time to time |
| “Commencement Date” | : | 22 September 2017 (Friday), being the Despatch Date and the date from which the Offer is open for acceptances |
| “Companies Act” | : | The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time |
| “Company” | : | BRC Asia Limited |
| “Company Securities” | : | (a) Shares; (b) securities which are being offered for or which carry voting rights in the Company; and (c) convertible securities, warrants, options and derivatives in respect of (a) or (b) |
| “Constitution” | : | The constitution of the Company from time to time |

DEFINITIONS

| | | |
|-------------------------------------|---|--|
| “Convertible Bonds” | : | The outstanding principal amount of S\$10,000,000 5% redeemable convertible bonds issued by the Company on 16 May 2014 which are convertible into 10,000,000 Shares at S\$1.00 per Share |
| “Convertible Bonds Proposal” | : | The proposal in relation to the Convertible Bonds as described in Section 6.1 of the Offer Document |
| “CPF” | : | The Central Provident Fund of Singapore |
| “CPF Agent Banks” | : | Agent banks included under the CPFIS |
| “CPFIS” | : | The Central Provident Fund Investment Scheme |
| “CPFIS Investors” | : | Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS |
| “Despatch Date” | : | 22 September 2017 (Friday), being the date of despatch of the Offer Document |
| “Directors” | : | The directors of the Company (including the Independent Directors) as at the Latest Practicable Date |
| “ESOS” | : | The BRC Share Option Scheme 2011 (as amended from time to time) |
| “Excluded Documents” | : | (a) the IFA Letter; and (b) the Valuation Certificates |
| “FAA” | : | Form of Acceptance and Authorisation for Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP |
| “FAT” | : | Form of Acceptance and Transfer for Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP |
| “FY” | : | In respect of the Company, the financial year ended or ending (as the case may be) on 30 September of a particular year as stated |
| “Group” | : | The Company and its subsidiaries |
| “IFA” | : | RHT Capital Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Offer, the Options Proposal and the Convertible Bonds Proposal |

DEFINITIONS

| | | |
|----------------------------------|---|--|
| “IFA Letter” | : | Letter dated 6 October 2017 from the IFA to the Independent Directors containing, <i>inter alia</i> , the advice of the IFA to the Independent Directors in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal, as set out in Appendix 1 to this Circular |
| “Independent Directors” | : | The Directors who are considered independent for the purpose of making the Recommendation, which comprise all the Directors |
| “Independent Valuers” | : | Colliers International Consultancy & Valuation (S) Pte Ltd and MacReal International (JB) Sdn Bhd |
| “JTC” | : | JTC Corporation |
| “Latest Practicable Date” | : | 29 September 2017 (Friday), being the latest practicable date prior to the printing of this Circular |
| “Listing Manual” | : | The listing manual of the SGX-ST, as amended, modified or supplemented from time to time |
| “Malaysia Property” | : | Shall have the meaning ascribed to it in Section 9.4 of Appendix 2 to this Circular |
| “Offer” | : | The mandatory conditional cash offer made by ABN AMRO, for and on behalf of the Offeror and announced, on the Offer Announcement Date |
| “Offer Announcement” | : | The announcement of the Offer released by ABN AMRO, for and on behalf of the Offeror, on the Offer Announcement Date |
| “Offer Announcement Date” | : | 8 September 2017 (Friday), being the date of the Offer Announcement |
| “Offer Document” | : | The offer document dated 22 September 2017 (Friday), including the Relevant Acceptance Forms and any other document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update such offer document(s) from time to time |
| “Offer Price” | : | S\$0.925 in cash for each Offer Share |
| “Offer Shares” | : | All the issued Shares to which the Offer relates, as more particularly described in Section 2.2 of the letter to Shareholders in this Circular |
| “Offeror” | : | Esteel Enterprise Pte. Ltd. |

DEFINITIONS

| | | |
|------------------------------------|---|---|
| “Offeror Securities” | : | (a) shares in the capital of the Offeror; (b) securities which carry substantially the same rights as any to be issued as consideration for the Offer; and (c) convertible securities, warrants, options and derivatives in respect of (a) or (b) |
| “Option Holders” | : | Holders of the Options |
| “Options” | : | The outstanding options granted to subscribe for new Shares under the ESOS |
| “Options Proposal” | : | The proposal in relation to the Options as described in Section 5.1 of the Offer Document |
| “Overseas Shareholders” | : | Shareholders whose addresses are outside Singapore, as shown on the register of members of the Company or, as the case may be, in the records of CDP |
| “Recommendation” | : | Shall have the meaning ascribed to it in Section 1.4 of the letter to Shareholders in this Circular |
| “Register” | : | The register of Shareholders, as maintained by the Registrar |
| “Registrar” | : | Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) |
| “Relevant Acceptance Forms” | : | The FAA and/or the FAT (as the case may be) |
| “Revalued Properties” | : | Shall have the meaning ascribed to it in Section 9.4 of Appendix 2 to this circular |
| “SFA” | : | The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Shareholders” | : | Holders of the Shares in issue as indicated on the Register |
| “Shares” | : | Issued ordinary shares in the capital of the Company |
| “SIC” | : | The Securities Industry Council of Singapore |
| “Singapore Properties” | : | Shall have the meaning ascribed to it in Section 9.4 of Appendix 2 to this Circular |
| “SRS” | : | The Supplementary Retirement Scheme |
| “SRS Agent Banks” | : | Agent banks included under SRS |

DEFINITIONS

| | | |
|-------------------------------------|---|--|
| “SRS Investors” | : | Investors who have purchased or purchase the Shares pursuant to SRS |
| “subsidiary or subsidiaries” | : | Shall be construed in accordance with Sections 5 and 5B of the Companies Act |
| “S\$” | : | Singapore dollars, being the lawful currency of Singapore |
| “Valuation Certificates” | : | The valuation certificates issued by the Independent Valuers in respect of the Revalued Properties as set out in Appendix 4 to this Circular |
| “% or per cent.” | : | Percentage or per centum |

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

Announcement, Notice etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

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

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

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

Issued Shares. Unless otherwise stated, any reference in this Circular to the total number of Shares as at the Latest Practicable Date is a reference to a total of 186,335,089 Shares (excluding treasury Shares) in issue (based on the Company’s “Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the period ended 30 June 2017” dated 14 August 2017).

Rounding. Any discrepancies in figures included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified or re-enacted. Any word defined in the Companies Act, the Code, the SFA or any such statutory or regulatory

DEFINITIONS

modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

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

Time and Date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise specified.

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 all capitalised terms and expressions used within these reproduced statements shall have the same meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

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”, “if”, “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 information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results, performance or achievements of the Group may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA assumes any obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

SUMMARY TIMETABLE

| | | |
|--|---|--|
| Despatch Date and Commencement Date | : | 22 September 2017 (Friday) |
| Date of despatch of this Circular | : | 6 October 2017 (Friday) |
| Closing Date ⁽¹⁾ | : | 5.30 p.m. (Singapore time) on 20 October 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgment of acceptances for the Offer, Options Proposal and Convertible Bonds Proposal |
| Date of settlement on which the Offer Price is despatched to Accepting Shareholders ⁽²⁾ | : | (a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or (b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt. |

Notes:

- (1) Please refer to paragraph 1 of Appendix 1 to the Offer Document for further details.
(2) Please refer to paragraph 2 of Appendix 1 to the Offer Document for further details.

LETTER TO SHAREHOLDERS

BRC Asia Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 193800054G)

Board of Directors:

Sia Ling Sing (Non-Executive Chairman)
Lim Siak Meng (Group Managing Director)
Seah Kiin Peng (Executive Director)
Ooi Seng Soon (Lead Independent Director)
Tan Lee Meng (Independent Director)
Lau Eng Tiong (Non-Executive Director)
Foo Sey Liang (Non-Executive Director)

Registered Office:

350 Jalan Boon Lay
Singapore 619530

6 October 2017

To: The Shareholders of the Company

Dear Sir/Madam

MANDATORY CONDITIONAL CASH OFFER BY ABN AMRO, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 8 September 2017, ABN AMRO announced, for and on behalf of the Offeror, that the Offeror had, on the Offer Announcement Date, acquired an aggregate of 81,552,151 Shares representing 43.77% of the total number of issued Shares, from Lingco Marine Pte. Ltd., Lingco Holdings Pte. Ltd., Mr Seah Kiin Peng, Sin Teck Guan (Pte) Ltd. and Mr Lim Siak Meng at S\$0.925 per Share. As a result of the acquisition, the Offeror is, in accordance with Section 139 of the SFA and Rule 14 of the Code, required to make a mandatory general offer for all other Shares.

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

1.2 Offer Document

Shareholders should 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 Offer Document. Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

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

1.3 Independent Financial Adviser

RHT Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors for the purposes of making their Recommendation to Shareholders in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal.

LETTER TO SHAREHOLDERS

1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the recommendation of the Independent Directors (“**Recommendation**”) and the advice of the IFA to the Independent Directors in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the Recommendation and the advice of the IFA to the Independent Directors in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal before deciding whether or not to accept the Offer, the Options Proposal and/or the Convertible Bonds Proposal, as the case may be.

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, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

Based on the information set out in the Offer Document, ABN AMRO, for and on behalf of the Offeror, has made the Offer for all the Offer Shares, in accordance with Section 139 of the SFA and Rule 14 of the Code. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below. All terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

2.1 Offer Price

Section 2.2 of the Offer Document states that the Offer is made on the following basis:

“For each Offer Share: S\$0.925 in cash.

The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation.”

2.2 Offer Shares

Section 2.3 of the Offer Document states the following:

“The Offer is extended to:

- (a) all Shares (other than those held in treasury and those already owned by the Concert Group);*
- (b) all new Shares issued pursuant to the valid exercise of the Options granted under the ESOS; and*
- (c) all new Shares issued pursuant to the valid conversion of the Convertible Bonds issued to the bondholders (“**Bondholders**”) by the Company,*

*(collectively “**Offer Shares**”).”*

LETTER TO SHAREHOLDERS

2.3 No Encumbrances

Section 2.4 of the Offer Document states the following:

“The Offer Shares will be acquired:

- (a) fully paid-up;*
- (b) free from all claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratoriums or other third party rights or interests of any nature whatsoever (“Encumbrances”); and*
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights, distributions, returns of capital and/or other entitlements (if any) (“Distributions”) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.*

If any Distributions is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such Distribution.”

2.4 Acceptance Condition

Section 2.5 of the Offer Document states the following:

“The Offer will be subject to the Offeror having received such Offer Shares by the Closing Date, together with Shares held by the Concert Group, as will result in the Concert Group holding more than 50% of the voting rights attributable to all Shares in issue (excluding treasury Shares) as at the Closing Date.

The Offer will therefore only become unconditional in the course of the Offer if the Offeror has received valid acceptances, which together with Shares owned by the Concert Group, amount to more than 50% of the maximum potential issued Shares of the Company (taking into account the Shares which may be issued under the ESOS and Convertible Bonds).”

2.5 Warranty

Section 3 of the Offer Document states the following:

“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-up; (b) free from all Encumbrances; and (c) 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 declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.”

LETTER TO SHAREHOLDERS

2.6 Duration of the Offer

Section 4 of the Offer Document states the following:

4.1 First Closing Date. *The Offer is open for acceptance by Shareholders for at least 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.*

The Offer will close at 5.30 p.m. (Singapore time) on 20 October 2017, being the Closing Date, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgment of acceptances of the Offer.

4.2 Subsequent Closing Date(s). *If the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.*

4.3 Offer to Remain Open for 14 Days. *The Offer will remain open for a period of not less than 14 days after the date on which the Offer would otherwise have closed, unless the Offeror has given Shareholders at least 14 days' notice in writing ("Shut-Off Notice") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:*

(a) *the Offeror may not give a Shut-Off Notice in a competitive situation; and*

(b) *the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.*

For these purposes, a "competitive situation" shall be regarded to have arisen if (i) a competing offer has been announced; or (ii) the SIC determines that a competitive situation has arisen.

4.4 Revision. *The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation. Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each Shareholder, including those who had previously accepted the Offer."*

2.7 Options Proposal

Section 5 of the Offer Document states the following:

5.1 Options Proposal. *There are currently outstanding Options to subscribe for an aggregate 5,050,600 Shares, which the Option exercise prices vary between S\$0.81 to S\$0.90 per Share.*

LETTER TO SHAREHOLDERS

*Under the rules of the ESOS, the Options are not transferable by the holders thereof. As such, the Offeror will not make an offer to acquire the Options, although the Offer will be extended to all new Shares issued pursuant to the valid exercise of any Options prior to the Closing Date. Instead, the Offeror will make a proposal (“**Options Proposal**”) to the holders of the Options (“**Option Holders**”) on the following terms:*

- (a) subject to the Offer becoming or being declared unconditional; and*
- (b) the Options continuing to be exercisable into new Shares,*

*pursuant to Rule 19 of the Code, the Offeror will pay to the Option Holders a cash amount (“**See-Through Option Price**”) in consideration of them agreeing:*

- (i) not to exercise any Options into new Shares; and*
- (ii) not to exercise any of their rights as Option Holders,*

from the date of their acceptance of the Options Proposal to the expiry dates of such Options. Further, if the Offer becomes or is declared unconditional, Option Holders who have accepted the Options Proposal will also be required to surrender all their Options for immediate cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

The See-Through Option Price is computed on a “see-through” basis, such that the See-Through Option Price is the amount (if positive) of the Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Offer Price, the See-Through Option Price will be a nominal amount of S\$0.0000001.

Details of the Options Proposal are set out in the letter to Option Holders which has been despatched to Option Holders on the Despatch Date.

- 5.2 Offer and Options Proposal Mutually Exclusive.** *The Offer and the Options Proposal are separate and mutually exclusive. Whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. Option Holders who exercise their Options during the Offer Period shall not be entitled to the Options Proposal.”*

2.8 Convertible Bonds Proposal

Section 6 of the Offer Document states the following:

- “6.1 Convertible Bonds Proposal.** *The Company has an aggregate outstanding principal amount of S\$10,000,000 Convertible Bonds due on 16 May 2019 held by the Bondholders which are convertible at a conversion price of S\$1.00 per Share into 10,000,000 new Shares. The Convertible Bonds bear interest at a fixed rate of 5% per annum.*

LETTER TO SHAREHOLDERS

The Offeror will make the Convertible Bonds proposal ("**Convertible Bonds Proposal**") on the following terms:

- (a) subject to the Offer becoming or being declared unconditional; and
- (b) the Convertible Bonds continuing to be exercisable into new Shares,

pursuant to Rule 19 of the Code, the Offeror will pay to the Bondholders a cash amount ("**See-Through CB Price**") in consideration of them transferring the Convertible Bonds to the Offeror:

- (i) fully paid and free from all Encumbrances; and
- (ii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all interest, payments, rights and other distributions declared, paid or made by the Company on or after the Offer Announcement Date (save for interest payable on the principal amount falling before the relevant settlement date for the Convertible Bonds Proposal).

In the event of any such interests, payments, rights or other distributions or if any right arises for any reason whatsoever (other than interest payable on the principal amount falling before the relevant settlement date for the Convertible Bonds Proposal) on or after the Offer Announcement Date for the benefit of the Bondholder who has accepted the Convertible Bonds Proposal, the Offeror reserves the right to reduce the See-Through CB Price payable to the accepting Bondholder by the amount of such interests, payments, rights or other distributions, subject to consultation with the SIC.

If the Offer lapses or is withdrawn or if the Convertible Bonds cease to be exercisable into new Shares, the Convertible Bonds Proposal will lapse accordingly.

The See-Through CB Price is calculated on a "see-through" basis in accordance with the Code, such that the See-Through CB Price is the amount equal to the Offer Price multiplied by the number of new Shares (rounded down to the nearest whole number) into which such principal amount of Convertible Bonds may be converted.

Details of the Convertible Bonds Proposal are set out in the letter to Bondholders which has been despatched to Bondholders on the Despatch Date.

- 6.2 **Offer and Convertible Bonds Proposal Mutually Exclusive.** The Offer and the Convertible Bonds Proposal are separate and mutually exclusive. Whilst the Convertible Bonds Proposal is conditional upon the Offer becoming or being declared unconditional, the Offer will not be conditional upon acceptances received in relation to the Convertible Bonds Proposal. Bondholders who exercise their right of conversion of the Convertible Bonds into new Shares during the Offer Period shall not be entitled to the Convertible Bonds Proposal."

LETTER TO SHAREHOLDERS

2.9 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 announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer, are set out in Appendix 1 to the Offer Document.

2.10 Procedures for Acceptance of the Offer

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

3. INFORMATION ON THE OFFEROR AND SHAREHOLDERS OF THE OFFEROR

The following information on the Offeror and the shareholders of the Offeror has been extracted from Section 9 of the Offer Document and reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

*“9.1 **Introduction.** The Offeror is a private company limited by shares incorporated in Singapore for investment holding on 18 August 2017 with its registered address at 10 Anson Road #33-07/08 International Plaza, Singapore 079903. The Offeror has been incorporated specifically for the Acquisition and Offer, and has an issued and paid-up share capital of S\$10,000,000 divided into 10,000,000 ordinary shares. As at the Latest Practicable Date, the directors of the Offeror are set out in **Paragraph 1 of Appendix 3.***

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

*9.2 **Shareholders of the Offeror.** As at the Latest Practicable Date, the shareholders of the Offeror are AVIL (80.1%) and THPL (19.9%).*

AVIL is a private company limited by shares incorporated in the British Virgin Islands for investment holding on 2 January 2015 with its registered address at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. It has an issued and paid-up share capital of US\$1.00 divided into 1 ordinary share. The sole director and shareholder of AVIL is You Zhenhua.

THPL is an exempt private company limited by shares incorporated in Singapore for activities including, inter alia, ship chartering and general wholesale trade on 25 March 2008 with its registered address at 8 Temasek Boulevard #28-02 Suntec Tower Three Singapore 038988. It has an issued and paid-up share capital of US\$5,000,000 divided into 10,000,000 ordinary shares. The sole director and shareholder of THPL is Liu Bin.”

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

LETTER TO SHAREHOLDERS

4. IRREVOCABLE UNDERTAKING

Details on the undertakings provided in favour of the Offeror have been extracted from Section 11 of the Offer Document, and are reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

*“The Offeror and HG Metal, which is listed on the SGX-ST and holds 42,145,518 Shares as at the Latest Practicable Date, representing approximately 22.62% of the issued Shares, have entered into a conditional agreement on 9 September 2017 (“**Conditional Agreement**”) for HG Metal to accept the Offer in respect of all its Shares, subject to the approval of its shareholders at an extraordinary general meeting to be held in accordance with the Listing Manual by no later than two calendar months from 9 September 2017, being the signing date of the Conditional Agreement. Pending the results of the aforesaid extraordinary general meeting, HG Metal shall not transfer, sell or otherwise dispose of or encumber any of the Shares.*

Subject to, and upon, the aforesaid acceptance into the Offer by HG Metal, the Offer will become unconditional in all respects.”

5. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTIONS FOR THE COMPANY

The full text stating the rationale for the Offer and the Offeror’s intentions in relation to the Company has been extracted from Sections 12 to 14 of the Offer Document and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extracts below carefully.**

“12. RATIONALE FOR THE OFFER

The Offer is made by the Offeror to comply with Rule 14.1 of the Code.

13. OFFEROR’S INTENTION FOR THE COMPANY

The Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group’s fixed assets, or (c) discontinue the employment of the employees of the Group, 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.

14. LISTING STATUS AND COMPULSORY ACQUISITION

14.1 Listing Status. *Under Rule 1105 of the SGX-ST Listing Manual, upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Concert Group to above 90% of the total number of issued Shares (excluding any treasury Shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury Shares) are held by at least 500 Shareholders who are members of the public.*

LETTER TO SHAREHOLDERS

Under Rule 1303(1) of the SGX-ST Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury Shares), thus causing the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares at the close of the Offer.

Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury Shares) is at all times held by the public. In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual further states that 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.

The Offeror currently intends to preserve the listing status of the Company on the SGX-ST Main Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.

14.2 **Compulsory Acquisition**

*Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer or acquires or agrees to acquire such number of Offer Shares during the Offer period otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury Shares), other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date, the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.*

*Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury Shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the Closing Date. **Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.** Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury Shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.*

As stated above, the Offeror currently intends to preserve the listing status of the Company on the SGX-ST Main Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.

LETTER TO SHAREHOLDERS

6. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in Shares and shares in the Offeror as at the Latest Practicable Date are set out in Appendix 2 to this Circular.

7. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS

RHT Capital Pte. Ltd. has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal.

Shareholders should read and consider carefully the advice of the IFA to the Independent Directors on the Offer, the Options Proposal and the Convertible Bonds Proposal as contained in the IFA Letter and the Recommendation before deciding on whether to accept or reject the Offer, the Options Proposal and/or the Convertible Bonds Proposal, as the case may be. The IFA Letter setting out the advice of the IFA to the Independent Directors in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal is set out in Appendix 1 to this Circular.

7.1 Independence of Directors

As at the Latest Practicable Date, all the Directors are considered independent for the purposes of making a recommendation to Shareholders in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal.

7.2 The IFA's advice to the Independent Directors on the Offer, the Options Proposal and the Convertible Proposal

As set out in the IFA Letter, the IFA has made certain recommendations to the Independent Directors, an extract of which is set out below. It should be considered and read in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:

"13.4 Opinion

*Having regard to the considerations set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Offer are fair and reasonable. **Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer or sell their Shares in the open market if they obtain a price higher than the Offer Price (after deducting transaction costs).***

As the Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise prior to the close of the Options Proposal, we recommend that the Independent Directors provide the same advice to the Option Holders whose exercise price is lower than the Offer Price as is provided to the Shareholders.

LETTER TO SHAREHOLDERS

*In respect of the Options Proposal, we note that as the Options Price is calculated on a “see-through” basis, the consideration an Option Holder would receive from accepting the Options Proposal would be the same as if the Option Holder were to convert the Options and accept the Offer. Our advice to Shareholders with respect to the Offer is applicable to Option Holders. **Accordingly, we advise the Independent Directors to recommend Option Holders to ACCEPT the Options Proposal or sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs).***

*Having regard to the considerations set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Convertible Bonds Proposal are neither fair nor reasonable. **Accordingly, we advise the Independent Directors to recommend Bondholders to REJECT the Convertible Bonds Proposal.***

As set out in the Offer Document, Shareholders should also take note that it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. In the event the percentage of Shares held in public hands falls below 10.0% and the SGX-ST suspends trading of the Shares, the Offeror maintains the flexibility to assess its options in relation to the listing status of the Company.”

The pertinent factors taken into consideration by the IFA in its evaluation and assessment of the financial terms of the Offer, the Options Proposal and the Convertible Bonds Proposal are as follows:

“13. CONCLUSION AND OPINION

In arriving at our opinion in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

13.1 The Offer

- (a) *Market quotation and trading liquidity of the Shares;*
 - (i) *The Offer Price represents a premium of 33.1% above the last transacted price of the Shares of S\$0.695 on 30 May 2017, being the last full trading day prior to the Holding Announcement Date.*
 - (ii) *Over the 1-year period prior to the release of the Holding Announcement, the Shares had traded between a low of S\$0.485 and a high of S\$0.775. The Offer Price represents a premium of S\$0.440 (or 90.7%) above the lowest transacted price and a premium of S\$0.150 (or 19.4%) above the highest transacted price of the Shares. The Shares did not trade above Offer Price on all the 123 traded days during the 1-year period prior to the release of the Holding Announcement.*

LETTER TO SHAREHOLDERS

- (iii) *The Offer Price represents a premium of approximately 30.3%, 35.3%, 42.0% and 47.0% above the VWAP of the Shares for 1-month, 3-month, 6-month and 1-year periods prior to the release of the Holding Announcement respectively.*
- (iii) *For the period from the release of the Holding Announcement to the Offer Announcement Date, the Shares had traded between a low of S\$0.695 and a high of S\$0.885. The Offer Price represents a premium of S\$0.230 (or 33.1%) above the lowest transacted price and a premium of S\$0.040 (or 4.5%) above the highest transacted price of the Shares. The Shares did not trade above the Offer Price on all 64 traded days from the Holding Announcement Date up to the Offer Announcement Date.*
- (iv) *The Offer Price represents a premium of approximately 7.6% above the last transacted price of the Shares of S\$0.860 on 8 September 2017, being the last full trading day prior to the Offer Announcement Date.*
- (v) *For the period from the release of the Offer Announcement Date to the Latest Practicable Date, the Shares had traded between a low of S\$0.910 and a high of S\$0.925. The Offer Price represents a premium of S\$0.015 (or 1.6%) to the lowest transacted price and equals to the highest transacted price of the Shares.*
- (vi) *The Offer Price represents a premium of approximately 1.1% to the last transacted price of the Shares of S\$0.915 on 29 September 2017, being the last full trading day prior to the Latest Practicable Date.*
- (vii) *Over the 1-year period prior to the release of the Holding Announcement Date, the Shares were only traded on 123 days out of 252 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the release of the Holding Announcement represent 0.2%, 0.1%, 0.1% and 0.04% of the free float of the Shares respectively.*
- (viii) *During the period following the release of the Holding Announcement and up to the release of the Offer Announcement, the average daily trading volume on the Shares was approximately 1,413,000 Shares, representing 2.8% of the free float of the Shares.*
- (ix) *On 8 September 2017, the Offer Announcement Date, the Offeror acquired an aggregate 81,552,151 Shares, representing 43.8% of the total number of issued Shares (excluding treasury Shares), from some of the substantial shareholders of the Company. As such, the Acquisition had caused the trading volume of the Shares to increase to approximately 84.6 million, representing 170.2% of the free float of the Shares.*
- (x) *During the period following the release of the Offer Announcement up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 1.0 million Shares, representing 2.0% of the free float of the Shares.*

LETTER TO SHAREHOLDERS

As mentioned earlier, we note that the Share price started the upwards trend since March 2017. The Company had subsequently made the Holding Announcement and the Update Announcements, and the upward Share price trend had continued until the Offer Announcement. We understand from the Management that between the Holding Announcement Date and Offer Announcement Date, aside from the Holding Announcement and Update Announcements, they are not aware of any other events which could explain the upward trend of the Share price. It seems that the upward price movement of the Shares could have resulted from speculations of “a potential transaction which may or may not lead to an acquisition of the issued share capital of the Company” as stated in the Holding Announcement and Update Announcements. Between the Holding Announcement Date and the Offer Announcement Date, the last traded Share price had increased substantially by 23.7% from S\$0.695 to S\$0.860. Based on the Offer Document, the Offer Price represents a premium of only approximately 9.8%, 10.0% and 10.6% above the VWAP of the Shares for 1-month, 3-month and 6-month periods prior to the release of the Offer Announcement respectively.

Based on the above observations, it would appear that the current Share price and trading volume is supported by the Offer. There is no assurance that the Share price and trading volume would remain at the current level after the close of the Offer. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance.

- (b) Historical financial performance of the Group;*
- (c) Financial position of the Group;*
- (d) Comparison with the valuation ratios of selected companies listed on the SGX-ST which are broadly comparable to the Group;*
 - (i) The PE ratios of the Company implied by the Offer Price of 43.74 times and 20.66 times, based on the T12M and FY2016 profit after tax attributable to owners of the Company, are within the range of the PE ratios of the Comparable Companies, and above the mean and median PE ratios of the Comparable Companies of 15.92 times and 13.60 times respectively.*
 - (ii) The EV/EBITDA ratios of the Company implied by the Offer Price of 16.11 times and 12.77 times, based on the T12M and FY2016 EBITDA, are within the range of the EV/EBITDA ratios of the Comparable Companies, and above the mean and median EV/EBITDA ratios of 10.75 times and 6.78 times respectively.*
 - (iii) The P/NAV ratio of the Company implied by the Offer Price of 1.03 times is above the range of the P/NAV ratios of the Comparable Companies, and is above the mean and median P/NAV ratios of 0.65 times and 0.60 times respectively.*

LETTER TO SHAREHOLDERS

- (iv) *The P/RNAV ratio of the Company implied by the Offer Price of 0.81 times is within the range of the P/NAV ratios of the Comparable Companies, and is above the mean and median P/NAV ratios of 0.65 times and 0.60 times respectively.*
- (e) *Comparison with recently completed mandatory general offers for companies listed on the SGX-ST or SGX-Catalist;*

 - (i) *The premia implied by the Offer Price of 33.1% over the last transacted price of the Shares prior to the Holding Announcement Date is within the range and above the median, but below the mean of the corresponding premia of the Selected Comparable Transactions.*
 - (ii) *The premia implied by the Offer Price of 30.3%, 35.3% and 42.0% over the VWAPs for the 1-month, 3-month and 6-month period prior to the Holding Announcement Date are within the range and above the median, but below the mean of the corresponding premia of the Selected Comparable Transactions.*
 - (iii) *The P/RNAV ratio of the Group of 0.8 times as implied by the Offer Price is within the range of P/NTA ratios of the Selected Comparable Transactions, but below the mean and median P/NTA ratios of the Selected Comparable Transactions.*
 - (iv) *Further, we note that amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “reject” the offer, the corresponding premia of these Selected Comparable Transactions are considerably lower than the premia implied by the Offer Price in relation to the Company.*
- (f) *Dividend track record of the Company; and*

 - (i) *We note that the Company had paid dividends with the total dividend per Share ranging from S\$0.024 to S\$0.065, and the dividend yield ranging from 3.9% to 6.4%.*
 - (ii) *We further note that the dividends distributed by the Company had been decreasing for the past 3 financial years, which reflects the decreasing profitability of the Group. At the same time, the average Share price had also been decreasing for the past 3 financial years. Despite the decreasing Share price, dividend yield had also been decreasing.*
- (g) *Other relevant considerations.*

 - (i) *Negative industry outlook of the Group.*
 - (ii) *No intention to increase the Offer Price.*
 - (iii) *Likelihood of competing offers is remote.*
 - (iv) *Offeror’s intention and no compulsory acquisition by the Offeror.*

LETTER TO SHAREHOLDERS

(v) *Control of the Company.*

The Offeror may possess statutory control of the Company which entitles it to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders including resolutions on dividend payments by the Company.

13.2 The Options Proposal

The See-Through Option Price is calculated on a “see-through” basis, the consideration an Option Holder would receive from accepting the Options Proposal would be the same as if the Option Holder were to convert the Options and accept the Offer. Accordingly, our evaluation and conclusion with respect to the Offer will similarly be relevant to the Option Holders.

13.3 The Convertible Bonds Proposal

(a) *Historical quoted prices of the Convertible Bonds;*

(b) *Absolute proceeds receivable by Bondholders assuming held to maturity;*

(i) *Assuming that all the Bondholders accept the Convertible Bonds Proposal, the Bondholders are entitled to receive S\$9,250,000 in cash. The See-Through CB Price is at a 15.4% discount to the absolute proceeds receivable of S\$10,936,986, if the Bondholders held the Convertible Bonds until maturity.*

(ii) *The Bondholders will lose their interest accrued if they accept the Convertible Bonds Proposal. On the other hand, the Bondholders will still be entitled of their interest accrued if they convert the Convertible Bonds into Shares and accept the Offer. Therefore, the Convertible Bonds Proposal is inferior as compared to conversion of the Convertible Bonds into Shares and acceptance of the Offer thereafter.*

(c) *Other relevant considerations.*

(i) *Condition of the Convertible Bonds Proposal*

The Convertible Bonds Proposal is conditional upon the Offer being declared unconditional in all respects.

(ii) *Credit risk of the Company and the Offeror*

(1) *We have however noted that the Company has not defaulted any of the interest payments in relation to the Convertible Bonds since its issuance on 16 May 2014. In addition, based on the Company’s FY2016 annual report, we note that the auditors did not have going concern qualification in its opinion. We also note that the maturity date of the Convertible Bonds is less than 2 years from the Latest Practicable Date.*

LETTER TO SHAREHOLDERS

(2) *We understand from the Management that based on the financial position of the Group as at the Latest Practicable Date, they do not foresee any difficulty of the Group in servicing the Convertible Bonds until its maturity.*

(iii) *Redemption at the option of the Company*

(iv) *Convertible Bonds remain convertible till maturity”,*

and such factors are discussed in greater detail in sections 10, 11 and 12 of the IFA Letter.

Shareholders should read and consider carefully the pertinent factors taken into consideration by the IFA in arriving at its advice, and in conjunction with, and in the context of the full text of the IFA Letter.

8. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having carefully considered the terms of the Offer, the Options Proposal and the Convertible Bonds Proposal and the advice given by the IFA to the Independent Directors in the IFA Letter, **CONCUR** with the IFA's advice and Recommendation thereon. Accordingly, the Independent Directors recommend:

- (a) in respect of the Offer, that Shareholders **ACCEPT** the Offer or sell their Shares in the open market if they obtain a price higher than the Offer Price (after deducting transaction costs), and as the Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise prior to the close of the Options Proposal, such recommendation is also given to the holders of the Options;
- (b) in respect of the Options Proposal, that Option Holders **ACCEPT** the Options Proposal or sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs); and
- (c) in respect of the Convertible Bonds Proposal, that Bondholders **REJECT** the Convertible Bonds Proposal.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE TERMS AND CONDITIONS OF THE OFFER DOCUMENT, THE RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER, THE OPTIONS PROPOSAL AND THE CONVERTIBLE BONDS PROPOSAL IN THEIR ENTIRETY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER, THE OPTIONS PROPOSAL AND THE CONVERTIBLE BONDS PROPOSAL (AS THE CASE MAY BE). SHAREHOLDERS SHOULD NOTE THAT THE ADVICE OF THE IFA AND THE RECOMMENDATION SHOULD NOT BE RELIED ON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER, THE OPTIONS PROPOSAL AND THE CONVERTIBLE BONDS PROPOSAL, AS THE CASE MAY BE.

Further, in rendering the above Recommendation, the Independent Directors have not had regard to any general or specific investment objectives, financial situations, tax status or position, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder.

LETTER TO SHAREHOLDERS

As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

9. 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 20 October 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgment of acceptances for the Offer and should follow the procedures for acceptance of the Offer as set out in Appendix 2 to the Offer Document (and the FAA and/or the FAT).

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document (including the FAA and/or the FAT) which has been sent to them.

10. OVERSEAS SHAREHOLDERS

10.1 Overseas Shareholders

Overseas Shareholders should refer to Section 18 of the Offer Document, the full text of which is extracted and reproduced below.

*“18.2 **Copies of the Offer Document.** Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours up to the Closing Date from Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) (if he is a scrip holder) at 80 Robinson Road #11-02 Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Offeror at Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) (if he is a scrip holder) at 80 Robinson Road #11-02 Singapore 068898 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.*

*18.3 **Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including the Financial Adviser, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the*

LETTER TO SHAREHOLDERS

Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (i) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, the Financial Adviser, CDP and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

18.4 Notice. *The Offeror and the Financial Adviser each 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 and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.”*

10.2 Copies of this Circular

This Circular may not be sent to any Overseas Shareholder due to potential restrictions on sending such circulars and any related documents to the relevant overseas jurisdictions.

The Constitution provides that a member who (having no registered address in Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices from the Company.

Copies of this Circular may nonetheless be obtained during normal business hours and up to the Closing Date from the Registrar at 80 Robinson Road, #11-02 Singapore 068898. Alternatively, an Overseas Person may write to the Registrar at the aforementioned address to request for the Circular and any related documents to be sent to an address in Singapore by ordinary post at his/her own risk (the last date for despatch in respect of such request shall be a date falling five (5) Business Days prior to the Closing Date).

A copy of this Circular is also available on the website of the SGX-ST at www.sgx.com.

11. INFORMATION PERTAINING TO CPFIS INVESTORS

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

The Offer Document also states that CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. Subject to the Offer becoming or being declared to be unconditional in all respects

LETTER TO SHAREHOLDERS

in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director 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 the Excluded Documents and information relating to the Offeror or any opinion expressed by the Offeror) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Circular, the omission of which would make any statement herein misleading, and the Directors jointly and severally accept responsibility accordingly.

In respect of the IFA Letter and the Valuation Certificates, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

The Recommendation set out in Section 8 of this letter to Shareholders is the sole responsibility of the Independent Directors.

Where any information has been extracted or reproduced from published or publicly available sources (including, without limitation, the Offer Document), the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular. The Directors do not accept any responsibility for any information relating to the Offeror or any opinion expressed by the Offeror.

13. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Circular which form part of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
BRC ASIA LIMITED

Seah Kiin Peng
Executive Director

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

RHT CAPITAL PTE. LTD.

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

6 October 2017

To: The Independent Directors of BRC Asia Limited
(deemed to be independent in respect of the Offer)

| | |
|----------------|-----------------------------|
| Sia Ling Sing | (Non-Executive Chairman) |
| Lim Siak Meng | (Group Managing Director) |
| Seah Kiin Peng | (Executive Director) |
| Ooi Seng Soon | (Lead Independent Director) |
| Tan Lee Meng | (Independent Director) |
| Lau Eng Tiong | (Non-Executive Director) |
| Foo Sey Liang | (Non-Executive Director) |

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE MANDATORY CONDITIONAL CASH OFFER

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 6 October 2017 (“Circular”) issued by the Company to the shareholders of the Company (“Shareholders”) shall have the same meaning herein.

1. INTRODUCTION

Steel Enterprise Pte. Ltd. (“Offeror”) had, on 8 September 2017, acquired an aggregate 81,552,151 ordinary shares (“Shares”) in the capital of BRC Asia Limited (“Company”) from Lingco Marine Pte. Ltd., Lingco Holdings Pte. Ltd., Mr. Seah Kiin Peng, Sin Teck Guan (Pte) Ltd. and Mr. Lim Siak Meng at S\$0.925 per Share (“Acquisition”), representing 43.77% of the total number of issued Shares (excluding treasury Shares).

On 8 September 2017 (“Offer Announcement Date”), ABN AMRO Bank N.V., Singapore Branch (“Financial Adviser”) announced, for and on behalf of the Offeror (“Offer Announcement”), that the Offeror intends to make a mandatory general offer (“Offer”) for all other Shares (“Offer Shares”) in accordance with Section 139 of the Securities and Futures Act (Cap 289) and Rule 14 of the Singapore Code on Take-overs and Mergers (“Code”).

On 9 September 2017, the Financial Adviser announced, for and on behalf of the Offeror that HG Metal Manufacturing Limited (“HG Metal”), which is listed on the SGX-ST and holds 42,145,518 Shares, representing approximately 22.62% of the issued Shares (excluding treasury Shares, had on the same day entered into a conditional agreement (“Conditional Agreement”) for HG Metal to accept the Offer in respect of all its Shares, subject to the approval of its shareholders at an extraordinary general meeting to be held in accordance with the SGX-ST Listing Manual by no later than two calendar months from 9 September 2017, being the signing date of the Conditional Agreement. Pending the results of the aforesaid extraordinary general meeting, HG Metal shall not transfer, sell or otherwise dispose of or encumber any of the Shares.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

On 22 September 2017, the formal Offer was made by the Financial Adviser, for and on behalf of the Offeror, for the Offer Shares subject to the terms and conditions of the Offer as set out in the offer document dated 22 September 2017 (“**Offer Document**”). The Offer Document and the Acceptance Form were despatched to Shareholders on 22 September 2017. In connection with the Offer, the Financial Adviser, for and on behalf of the Offeror, has also formally made a proposal to the holders of the Company’s outstanding options (“**Options**”) granted under the BRC Share Option Scheme 2011 (“**ESOS**”) based on the “see-through” price payable in cash (“**Options Proposal**”) and a proposal to the holders of the Company’s outstanding convertible bonds (“**Convertible Bonds**”) based on the “see-through” price payable in cash (“**Convertible Bonds Proposal**”).

In connection with the Offer, the Options Proposal and the Convertible Bonds Proposal, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the independent financial adviser (“**IFA**”) to advise the directors who are considered independent in respect of the Offer, for the purposes of making their recommendation to Shareholders in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal. The Company has confirmed to us that all its Directors, namely, Lim Siak Meng, Sia Ling Sing, Seah Kiin Peng, Lau Eng Tiong, Foo Sey Liang, Ooi Seng Soon and Tan Lee Meng are considered as independent in respect of the Offer (“**Independent Directors**”).

This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our views and evaluation of the financial terms of the Offer, the Options Proposal and the Convertible Bonds Proposal, our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Offer, the Options Proposal and the Convertible Bonds Proposal and the recommendation of the Independent Directors and it is to be despatched to Shareholders.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer, the Options Proposal and the Convertible Bonds Proposal in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer, the Options Proposal and the Convertible Bonds Proposal and have not taken into account the commercial risks and/or commercial merits of the Offer, the Options Proposal and the Convertible Bonds Proposal.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long term merits of the Offer, the Options Proposal and the Convertible Bonds Proposal or on the future prospects of the Company and its subsidiaries (“**Group**”) or the method and terms by which the Offer, the Options Proposal and the Convertible Bonds Proposal are made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole 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 as set out in this Letter.

We are not authorised and we have not solicited, any indications of interest from any third party with respect to the Shares, the Options and the Convertible Bonds. We are therefore not addressing the relative merits of the Offer, the Options Proposal and the Convertible Bonds Proposal as compared to any alternative transaction that may be available to the Company (or its Shareholders, Option Holders and Bondholders), or as compared to any alternative offer that might otherwise be available in the future.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

In the course of our evaluation of the financial terms of the Offer, the Options Proposal and the Convertible Bonds Proposal, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company ("**Management**"), the Directors, the Company's solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the Options Proposal and the Convertible Bonds Proposal, the Company and/or the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other 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 jointly and severally accept responsibility accordingly.

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

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). We have, however, been provided with valuation certificates ("**Valuation Certificates**") by Colliers International Consultancy & Valuation (S) Pte Ltd ("**Colliers**") and MacReal International Sdn Bhd ("**MacReal**"), the independent valuers who were appointed by the Company to value the properties of the Group as at 21 September 2017. A copy of the Valuation Certificates is attached as Appendix 4 to the Circular. As such, we will be relying on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group.

We are not experts in the evaluation or appraisal of the assets concerned and we have placed reliance on the Valuation Certificates 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.

Our analysis and our opinion as set out in this Letter are based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 29 September 2017 ("**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders, Option Holders and Bondholders should further take note of any announcements relevant to their consideration of the Offer, the Options Proposal and the Convertible Bonds Proposal which may be released by the Company and/or the Offeror after the Latest Practicable Date.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder, Option Holder and Bondholder. As each Shareholder, Option Holder and Bondholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder, Option Holder and Bondholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer, the Options Proposal and the Convertible Bonds Proposal.

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

Our opinion in respect of the Offer, the Options Proposal and the Convertible Bonds Proposal, as set out in Section 13 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

Shareholders should have by now received a copy of the Offer Document that contains the terms and conditions of the Offer, the Options Proposal and the Convertible Bonds Proposal as set out in the Offer Document. Shareholders are advised to read the terms and conditions of the Offer, the Options Proposal and the Convertible Bonds Proposal as set out in the Offer Document carefully.

The key terms of the Offer, the Options Proposal and the Convertible Bonds Proposal are set out below for your reference.

3.1 Offer Price

The Offer Price for each Offer Share will be as follows:

For each Offer Share: S\$0.925 in cash. (“Offer Price”)

The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation.

3.2 Offer Shares

The Offer is extended to:

- (a) all Shares (other than those held in treasury and those already owned by the Offeror and parties acting or deemed to be acting in concert with the Offeror (“**Concert Group**”));
- (b) all new Shares issued pursuant to the valid exercise of the Options granted under the ESOS; and
- (c) all new Shares issued pursuant to the valid conversion of the Convertible Bonds issued to the bondholders (“**Bondholders**”) by the Company.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

3.3 Rights and Encumbrances

The Offer Shares will be acquired:

- (a) fully paid-up;
- (b) free from all claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratoriums or other third party rights or interests of any nature whatsoever ("**Encumbrances**"); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights, distributions, returns of capital and/or other entitlements (if any) ("**Distributions**") which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.

If any Distributions is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such Distribution.

3.4 Acceptance Condition

The Offer will be subject to the Offeror having received such Offer Shares by the Closing Date, together with Shares held by the Concert Group, as will result in the Concert Group holding more than 50% of the voting rights attributable to all Shares in issue as at the Closing Date.

The Offer will therefore only become unconditional in the course of the Offer if the Offeror has received valid acceptances, which together with Shares owned by the Concert Group, amount to more than 50% of the maximum potential issued Shares of the Company (taking into account the Shares which may be issued under the ESOS and Convertible Bonds).

As at the Latest Practicable Date, the Concert Group owned 81,552,151 Shares, representing 40.5% of the maximum potential issued Shares (excluding treasury Shares) of the Company. The Offeror has not announced the valid acceptances that it has received and has not announced that the Offer has turned unconditional in all respects.

3.5 Warranty

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-up; (b) free from all Encumbrances; and (c) 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 declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.

3.6 Duration of the Offer

The Offer is open for acceptance by Shareholders for at least 28 days after the despatch of the Offer Document, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. (Singapore time) on 20 October 2017, being the Closing Date, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgment of acceptances of the Offer.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

3.7 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 announcement of the level of acceptances of the Offer; (c) the right of withdrawal of acceptances of the Offer; and (d) the procedures for acceptance of the Offer are set out in Appendix 1 and 2 to the Offer Document.

4. THE OPTIONS PROPOSAL

As at the Latest Practicable Date, there are 5,050,600 outstanding Options granted under the ESOS which are exercisable by the holders of these Options (“**Option Holders**”) into 5,050,600 Shares based on exercise prices between S\$0.81 and S\$0.90 per Share. The details of the Options are as follows:

| Grant date | Exercise Period | Exercise price | Number outstanding |
|---------------|--------------------------------|----------------|--------------------|
| 28 March 2013 | 28 March 2014 to 27 March 2018 | S\$0.90 | 3,986,600 |
| 28 March 2013 | 28 March 2015 to 27 March 2018 | S\$0.81 | 1,064,000 |
| | | Total | 5,050,600 |

Under the rules of the ESOS, the Options are not transferable by the holders thereof. As such, the Offeror will not make an offer to acquire the Options, although the Offer will be extended to all new Shares issued pursuant to the valid exercise of any Options prior to the Closing Date. Instead, the Offeror will make a proposal to the Option Holders of the Options on the following terms:

- (a) subject to the Offer becoming or being declared unconditional; and
- (b) the Options continuing to be exercisable into new Shares,

pursuant to Rule 19 of the Code, the Offeror will pay to the Option Holders a cash amount (“**See-Through Option Price**”) in consideration of them agreeing:

- (i) not to exercise any Options into new Shares; and
- (ii) not to exercise any of their rights as Option Holders,

from the date of their acceptance of the Options Proposal to the expiry dates of such Options. Further, if the Offer becomes or is declared unconditional, Option Holders who have accepted the Options Proposal will also be required to surrender all their Options for immediate cancellation. If the Offer lapses or is withdrawn or if the relevant Options cease to be exercisable into new Shares, the Options Proposal will lapse accordingly.

The See-Through Option Price is computed on a “see-through” basis, such that the See-Through Option Price is the amount (if positive) of the Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Offer Price, the See-Through Option Price will be a nominal amount of S\$0.0000001. For illustration purposes, the respective See-Through Option Price for the 2 sets of outstanding Options would be as follows:

| Grant date | Exercise price | See-Through Option Price |
|---------------|----------------|--------------------------|
| 28 March 2013 | S\$0.90 | S\$0.025 |
| 28 March 2013 | S\$0.81 | S\$0.115 |

We note that the Offer Price is higher than the exercise prices of the Options.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Accordingly, the Option Holders can either (a) exercise their Options and accept the Offer in respect of the new Shares to be issued pursuant to such exercise; (b) accept the Options Proposal (subject to the Offer becoming unconditional in all respects) or (c) take no action.

For the avoidance of doubt, the Offer and the Options Proposal are separate and mutually exclusive. Whilst the Options Proposal is conditional upon the Offer becoming or being declared unconditional, the Offer will not be conditional upon acceptances received in relation to the Options Proposal. Option Holders who exercise their Options during the duration of the Offer shall not be entitled to the Options Proposal.

Further details of the Options Proposal are set out in the letter to Option Holders, Section 5 of the Offer Document and Section 2.7 of the Circular.

5. THE CONVERTIBLE BONDS PROPOSAL

As at the Latest Practicable Date, the Company has an aggregate outstanding principal amount of S\$10,000,000 Convertible Bonds due on 16 May 2019 held by the Bondholders which are convertible at a conversion price of S\$1.00 per Share into 10,000,000 new Shares. The Convertible Bonds bear interest at a fixed rate of 5% per annum.

The Offeror will make the Convertible Bonds Proposal on the following terms:

- (a) subject to the Offer becoming or being declared unconditional; and
- (b) the Convertible Bonds continuing to be exercisable into new Shares,

pursuant to Rule 19 of the Code, the Offeror will pay to the Bondholders a cash amount ("**See-Through CB Price**") in consideration of them transferring the Convertible Bonds to the Offeror:

- (i) fully paid and free from all Encumbrances; and
- (ii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all interest, payments, rights and other distributions declared, paid or made by the Company on or after the Offer Announcement Date (save for interest payable on the principal amount falling before the relevant settlement date for the Convertible Bonds Proposal).

In the event of any such interests, payments, rights or other distributions or if any right arises for any reason whatsoever (other than interest payable on the principal amount falling before the relevant settlement date for the Convertible Bonds Proposal) on or after the Offer Announcement Date for the benefit of the Bondholder who has accepted the Convertible Bonds Proposal, the Offeror reserves the right to reduce the See-Through CB Price payable to the accepting Bondholder by the amount of such interests, payments, rights or other distributions, subject to consultation with the SIC. If the Offer lapses or is withdrawn or if the Convertible Bonds cease to be exercisable into new Shares, the Convertible Bonds Proposal will lapse accordingly.

The See-Through CB Price is calculated on a "see-through" basis in accordance with the Code, such that the See-Through CB Price is the amount equal to the Offer Price multiplied by the number of new Shares (rounded down to the nearest whole number) into which such principal amount of Convertible Bonds may be converted. For illustrative purposes, based on the conversion price of S\$1.00 and assuming the aggregate principal of the Convertible Bonds is S\$10,000,000, the aggregate See-Through CB Price will be approximately S\$9,250,000 in cash. We note that the See-Through CB Price is lower than the aggregate principal of the Convertible Bonds.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Accordingly, the Bondholders can either (a) convert their Convertible Bonds into Shares and accept the Offer in respect of the new Shares to be issued pursuant to such conversion; (b) accept the Convertible Bonds Proposal (subject to the Offer becoming unconditional in all respects) or (c) take no action.

For the avoidance of doubts, the Offer and the Convertible Bonds Proposal are separate and mutually exclusive. Whilst the Convertible Bonds Proposal is conditional upon the Offer becoming or being declared unconditional, the Offer will not be conditional upon acceptances received in relation to the Convertible Bonds Proposal. Bondholders who exercise their right of conversion of the Convertible Bonds into new Shares during the duration of the Offer shall not be entitled to the Convertible Bonds Proposal.

Further details of the Convertible Bonds Proposal are set out in the letter to Bondholders, Section 6 of the Offer Document and Section 2.8 of the Circular.

6. INFORMATION ON THE OFFEROR

As disclosed in Section 9 of the Offer Document, the Offeror is a private company limited by shares incorporated in Singapore for investment holding on 18 August 2017 with its registered address at 10 Anson Road #33-07/08 International Plaza, Singapore 079903. The Offeror has been incorporated specifically for the Acquisition and Offer, and has an issued and paid-up share capital of S\$10,000,000 divided into 10,000,000 ordinary shares.

Based on the Offer Document, the directors of the Offeror are You Zhenhua, Jiang Hairong and Liu Bin. The shareholders of the Offeror are Advance Venture Investments Limited (“**AVIL**”) and Toptip Holding Pte. Ltd. (“**THPL**”), holding 80.1% and 19.9% of the issued shares in the capital of the Offeror respectively.

AVIL is a private company limited by shares incorporated in the British Virgin Islands for investment holding on 2 January 2015 with its registered address at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. It has an issued and paid-up share capital of US\$1.00 divided into 1 ordinary share. The sole director and shareholder of AVIL is You Zhenhua.

THPL is an exempt private company limited by shares incorporated in Singapore for activities including, *inter alia*, ship chartering and general wholesale trade on 25 March 2008 with its registered address at 8 Temasek Boulevard #28-02 Suntec Tower Three Singapore 038988. It has an issued and paid-up share capital of US\$5,000,000 divided into 10,000,000 ordinary shares. The sole director and shareholder of THPL is Liu Bin.

Additional information on the Offeror are set out in Sections 9 and Appendix 3 of the Offer Document.

7. INFORMATION ON THE COMPANY

As disclosed in Section 10 of the Offer Document, the Company was incorporated in Singapore on 14 December 1938 and listed on the SGX-ST Main Board on 24 July 2000. It is in the business of building construction as well as the manufacture of basic iron and steel, engaging in the prefabrication of steel reinforcement for use in concrete in Singapore, Malaysia and the People’s Republic of China.

As at the Latest Practicable Date, the directors of the Company are Lim Siak Meng (Group Managing Director), Sia Ling Sing (Non-Executive Chairman), Seah Kiin Peng (Executive Director), Lau Eng Tiong (Non-Executive Director), Foo Sey Liang (Non-Executive Director), Ooi Seng Soon (Independent Director) and Tan Lee Meng (Independent Director).

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

As at the Latest Practicable Date, the Company has only one class of shares in issue, being ordinary shares in the Company and there are 186,335,089 Shares and 1,626,600 treasury Shares. Based on the Offer Price of S\$0.925 per Share and the total number of issued Shares (excluding treasury Shares) as at the Latest Practicable Date, the implied market capitalisation of the Company implied by the Offer Price is approximately S\$172.4 million.

Additional information on the Company is set out in Section 10 and Appendix 4 of the Offer Document and Appendix 2 to the Circular.

8. IRREVOCABLE UNDERTAKING

The Offeror and HG Metal, which is listed on the SGX-ST and holds 42,145,518 Shares as at the Latest Practicable Date, representing approximately 22.62% of the issued Shares, have entered into a Conditional Agreement on 9 September 2017 for HG Metal to accept the Offer in respect of all its Shares, subject to the approval of its shareholders at an extraordinary general meeting to be held in accordance with the Listing Manual by no later than two calendar months from 9 September 2017, being the signing date of the Conditional Agreement. Pending the results of the aforesaid extraordinary general meeting, HG Metal shall not transfer, sell or otherwise dispose of or encumber any of the Shares.

As at the Latest Practicable Date, HG Metal has not set the date of its extraordinary general meeting and therefore has not accepted the Offer.

9. RATIONALE FOR THE OFFER, OFFEROR'S INTENTION FOR THE COMPANY, THE LISTING STATUS OF THE COMPANY AND COMPULSORY ACQUISITION

The full text of the rationale for the Offer, Offeror's intention for the Company and listing status of the Company and compulsory acquisition, has been extracted from Sections 12, 13 and 14 of the Offer Document and is set out in italics below.

"12. RATIONALE FOR THE OFFER

The Offer is made by the Offeror to comply with Rule 14.1 of the Code.

13. OFFEROR'S INTENTION FOR THE COMPANY

The Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the employees of the Group, 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.

14. LISTING STATUS AND COMPULSORY ACQUISITION

14.1 Listing Status. *Under Rule 1105 of the SGX-ST Listing Manual, upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Concert Group to above 90% of the total number of issued Shares (excluding any treasury Shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury Shares) are held by at least 500 Shareholders who are members of the public.*

Under Rule 1303(1) of the SGX-ST Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury Shares), thus causing the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares at the close of the Offer.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury Shares) is at all times held by the public. In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual further states that 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.

The Offeror currently intends to preserve the listing status of the Company on the SGX-ST Main Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.

14.2 Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer or acquires or agrees to acquire such number of Offer Shares during the Offer period otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury Shares), other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date, the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.*

*Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury Shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the Closing Date. **Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.** Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury Shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.*

As stated above, the Offeror currently intends to preserve the listing status of the Company on the SGX-ST Main Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

10. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In our assessment of the financial terms of the Offer, we have considered the following which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (1) Market quotation and trading liquidity of the Shares;
- (2) Historical financial performance of the Group;
- (3) Financial position of the Group;
- (4) Comparison with the valuation ratios of selected companies listed on the Singapore Exchange Limited (“**SGX-ST**”) which are broadly comparable to the Group;
- (5) Comparison with recently completed mandatory general offers for companies listed on the SGX-ST or SGX-Catalist;
- (6) Dividend track record of the Company; and
- (7) Other relevant considerations.

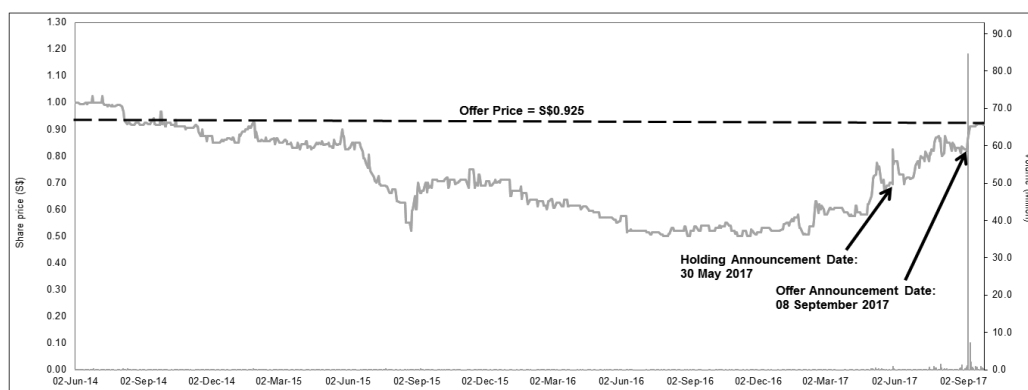
The figures, underlying financial and market data used on our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from S&P Capital IQ, SGX-ST and other publicly available information as at the Latest Practicable Date or as provided by the Company where relevant. RHTC makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

10.1 Market quotation and trading liquidity of the Shares

We have compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume over the observation periods as discussed below.

The Company had on, 30 May 2017 (“**Holding Announcement Date**”), made the announcement (“**Holding Announcement**”) to inform Shareholders that some of the substantial shareholders of the Company had received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued Shares of the Company. The Company had on 30 June 2017 and 2 August 2017, further announced (“**Update Announcements**”) that in relation to the Holding Announcement, discussions were still on-going and that there was no certainty or assurance that these discussions would result in any transaction. The Offer Announcement was subsequently made on 8 September 2017.

Share price chart - Price movement and trading volume of the Shares from 2 June 2014 to the Latest Practicable Date



Source: S&P Capital IQ

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Pre-Holding Announcement Date

The Share price chart above shows the Offer Price relative to the daily last transacted price and trading volume of the Shares from 2 June 2014, being approximately a 3-year period prior to the release of the Holding Announcement, to the Latest Practicable Date. The Share price chart above has been adjusted for the share consolidation that was completed in August 2015.

Based on the above, we observe that the Shares had traded below the Offer Price on 416 days out of 476 traded days, during the 3-year period prior to the release of the Holding Announcement.

We note that since March 2017, the Share price had been trending upwards with increasing trading volume leading to the Holding Announcement.

Post-Holding Announcement Date

After the Holding Announcement Date, the Company had made 2 Update Announcements on 30 June 2017 and 2 August 2017 informing the Shareholders that the discussions were still on-going and there was no certainty or assurance that the discussions would result in any transaction. The Offer Announcement was subsequently made on 8 September 2017.

To further analyse the Share price performance over a more recent period, we have analysed the historical Share price from 31 May 2016, being approximately a 1-year period prior to the release of the Holding Announcement and up to the Latest Practicable Date (“**Period Under Review**”).

From the share price chart above, we note that the Shares had not traded above the Offer Price during the 1-year period prior to the release of the Holding Announcement. We also note that while the Share price had increased since the Holding Announcement Date and up to the Offer Announcement Date, it had not traded at or above the Offer Price. The last traded Share price on 30 May 2017, being the Holding Announcement Date, was S\$0.695 and the last traded Share price on 8 September 2017, being the Announcement Date was S\$0.860, representing an increase of 23.7%.

As mentioned above, the Share price started the upwards trend since March 2017. The Company had subsequently made the Holding Announcement in May 2017 and the Update Announcements in June 2017 and August 2017 respectively. This upwards trend had continued until the Offer Announcement which was released on September 2017. Between the Holding Announcement Date and the Offer Announcement Date, we did not observe any other announcement which could explain the upward trend of the Share price. Further, we understand from the Management that between the Holding Announcement Date and Offer Announcement Date, aside from the Holding Announcement and Update Announcements, they are not aware of any other events which could explain the upward trend of the Share price. Accordingly, we have used the Holding Announcement Date as the reference date for the analysis of the historical Share price and trading volume of the Company.

After the release of the Offer Announcement and up to the Latest Practicable Date, the Shares had traded at or slightly below the Offer Price. As at the Latest Practicable Date, the Shares were last transacted at S\$0.915.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

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:

| | Highest traded price (S\$) | Lowest traded price (S\$) | VWAP ⁽¹⁾ (S\$) | Premium / (Discount) of Offer Price over / (to) VWAP (%) | Number of traded days | Average daily traded volume ⁽²⁾ ('000) | Average daily traded volume as a percentage of free float ⁽³⁾ (%) |
|---|----------------------------|---------------------------|---------------------------|--|-----------------------|---|--|
| Prior to the Holding Announcement Date | | | | | | | |
| Last 1 month | 0.775 | 0.640 | 0.710 | 30.3 | 15 | 101 | 0.2 |
| Last 3 months | 0.775 | 0.570 | 0.683 | 35.3 | 35 | 42 | 0.1 |
| Last 6 months | 0.775 | 0.485 | 0.651 | 42.0 | 67 | 31 | 0.1 |
| Last 1 year | 0.775 | 0.485 | 0.629 | 47.0 | 123 | 18 | 0.0 ⁽⁴⁾ |
| As at 30 May 2017, the Holdings Announcement Date | 0.695 | 0.695 | 0.695 | 33.1 | 1 | 17 | 0.0 ⁽⁴⁾ |
| After the Holding Announcement Date to the Offer Announcement Date | | | | | | | |
| After the Holding Announcement Date and up to the Offer Announcement Date | 0.885 ⁽⁶⁾ | 0.695 ⁽⁶⁾ | 0.824 ⁽⁶⁾ | 12.3 | 64 | 1,413 ⁽⁵⁾ | 2.8 |
| 08 September 2017, the Offer Announcement Date | 0.865 ⁽⁶⁾ | 0.825 ⁽⁶⁾ | 0.844 ⁽⁶⁾ | 9.6 | 1 | 84,615 ⁽⁵⁾ | 170.2 |
| After the Offer Announcement Date to the Latest Practicable Date | | | | | | | |
| After the Offer Announcement Date and up to the Latest Practicable Date | 0.925 | 0.910 | 0.913 | 1.4 | 15 | 981 | 2.0 |
| As at the Latest Practicable Date | 0.925 | 0.915 | 0.920 | 0.6 | 1 | 112 | 0.2 |

Source: S&P Capital IQ

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from S&P Capital IQ.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 49.7 million Shares, representing approximately 26.7% of the issued Shares as disclosed in the Company's annual report for FY2016.
- (4) Percentage is below 0.1%.
- (5) Trading volume included the 81,552,151 Shares the Offeror acquired from Lingco Marine Pte. Ltd., Lingco Holdings Pte. Ltd., Mr. Seah Kiin Peng, Sin Teck Guan (Pte) Ltd. and Mr. Lim Siak Meng.
- (6) Share price did not consider the Acquisition.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Based on the above, we observe the following with regards to the share price performance of the Company for the Period Under Review:

- (a) The Offer Price represents a premium of 33.1% above the last transacted price of the Shares of S\$0.695 on 30 May 2017, being the last full trading day prior to the Holding Announcement Date.
- (b) Over the 1-year period prior to the release of the Holding Announcement, the Shares had traded between a low of S\$0.485 and a high of S\$0.775. The Offer Price represents a premium of S\$0.440 (or 90.7%) above the lowest transacted price and a premium of S\$0.150 (or 19.4%) above the highest transacted price of the Shares. The Shares did not trade above Offer Price on all the 123 traded days during the 1-year period prior to the release of the Holding Announcement.
- (c) The Offer Price represents a premium of approximately 30.3%, 35.3%, 42.0% and 47.0% above the VWAP of the Shares for 1-month, 3-month, 6-month and 1-year periods prior to the release of the Holding Announcement respectively.
- (d) For the period from the release of the Holding Announcement to the Offer Announcement Date, the Shares had traded between a low of S\$0.695 and a high of S\$0.885. The Offer Price represents a premium of S\$0.230 (or 33.1%) above the lowest transacted price and a premium of S\$0.040 (or 4.5%) above the highest transacted price of the Shares. The Shares did not trade above the Offer Price on all 64 traded days from the Holding Announcement Date up to the Offer Announcement Date.
- (e) The Offer Price represents a premium of approximately 7.6% above the last transacted price of the Shares of S\$0.860 on 8 September 2017, being the last full trading day prior to the Offer Announcement Date.
- (f) For the period from the release of the Offer Announcement Date to the Latest Practicable Date, the Shares had traded between a low of S\$0.910 and a high of S\$0.925. The Offer Price represents a premium of S\$0.015 (or 1.6%) to the lowest transacted price and equals to the highest transacted price of the Shares.
- (g) The Offer Price represents a premium of approximately 1.1% to the last transacted price of the Shares of S\$0.915 on 29 September 2017, being the last full trading day prior to the Latest Practicable Date.

We observe the following with regards to the trading liquidity of the Shares:

- (i) Over the 1-year period prior to the release of the Holding Announcement Date, the Shares were only traded on 123 days out of 252 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the release of the Holding Announcement represent 0.2%, 0.1%, 0.1% and 0.04% of the free float of the Shares respectively.
- (ii) During the period following the release of the Holding Announcement and up to the release of the Offer Announcement, the average daily trading volume on the Shares was approximately 1,413,000 Shares, representing 2.8% of the free float of the Shares.
- (iii) On 8 September 2017, the Offer Announcement Date, the Offeror acquired an aggregate 81,552,151 Shares, representing 43.8% of the total number of issued Shares (excluding treasury Shares), from some of the substantial shareholders of the Company. As such, the Acquisition had caused the trading volume of the Shares to increase to approximately 84.6 million, representing 170.2% of the free float of the Shares.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

- (iv) During the period following the release of the Offer Announcement up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 1.0 million Shares, representing 2.0% of the free float of the Shares.

As mentioned earlier, we note that the Share price started the upwards trend since March 2017. The Company had subsequently made the Holding Announcement and the Update Announcements, and the upward Share price trend had continued until the Offer Announcement. We understand from the Management that between the Holding Announcement Date and Offer Announcement Date, aside from the Holding Announcement and Update Announcements, they are not aware of any other events which could explain the upward trend of the Share price. It seems that the upward price movement of the Shares could have resulted from speculations of “a potential transaction which may or may not lead to an acquisition of the issued share capital of the Company” as stated in the Holding Announcement and Update Announcements. Between the Holding Announcement Date and the Offer Announcement Date, the last traded Share price had increased substantially by 23.7% from S\$0.695 to S\$0.860. Based on the Offer Document, the Offer Price represents a premium of only approximately 9.8%, 10.0% and 10.6% above the VWAP of the Shares for 1-month, 3-month and 6-month periods prior to the release of the Offer Announcement respectively.

Based on the above observations, it would appear that the current Share price and trading volume is supported by the Offer. There is no assurance that the Share price and trading volume would remain at the current level after the close of the Offer. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance.

10.2 Historical financial performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited financial results of the Group for the financial years ended 30 September (“FY”) 2014, 2015 and 2016 and unaudited financial statement for the nine-month period ended 30 June 2017 (“9M2017”) and the corresponding period for 2016 (“9M2016”). The following summary of the financial information should be read in conjunction with the full text of the Group’s audited financial statements for FY2014, FY2015 and FY2016 and unaudited financial statement for 9M2016 and 9M2017 in respect of the relevant financial periods including the notes thereto.

| (\$S’000) | Audited | | | Unaudited | |
|---|---------------|---------------|---------------|---------------|---------------|
| | FY2014 | FY2015 | FY2016 | 9M2016 | 9M2017 |
| Revenue | 397,365 | 384,927 | 346,752 | 256,259 | 219,083 |
| Cost of sales | (342,765) | (352,929) | (318,070) | (234,886) | (204,095) |
| Gross Profit | 54,600 | 31,998 | 28,682 | 21,373 | 14,988 |
| Other income | 1,203 | 5,323 | 1,022 | 337 | 419 |
| Expenses | | | | | |
| Distribution expenses | (5,216) | (5,520) | (4,466) | (3,384) | (3,163) |
| Administrative expenses | (12,476) | (8,252) | (7,345) | (5,454) | (4,859) |
| Finance costs | (1,169) | (1,463) | (1,085) | (983) | (1,354) |
| Other operating expenses | (4,033) | (3,196) | (7,215) | (6,535) | (3,576) |
| Share of results of joint venture | 324 | (404) | 550 | 830 | (743) |
| Profit before tax | 33,233 | 18,486 | 10,143 | 6,184 | 1,712 |
| Income tax | (4,800) | (3,083) | (1,802) | (988) | (977) |
| Profit net of tax | 28,433 | 15,403 | 8,341 | 5,196 | 735 |
| Profit for the year attributable to: | | | | | |
| Owners of the Company | 28,443 | 15,461 | 8,343 | 5,197 | 795 |
| Non-Controlling interest | (10) | (58) | (2) | (1) | (60) |
| | 28,433 | 15,403 | 8,341 | 5,196 | 735 |

Sources: Group’s audited financial statements for FY2014, FY2015 and FY2016 and unaudited financial statement for the period ended on 30 June 2017

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

FY2014 vs FY2015

Despite delivering a higher volume of steel, the Group's revenue decreased by S\$12.4 million or 3.1% from S\$397.4 million in FY2014 to S\$384.9 million in FY2015. The decrease was mainly due to the lower unit selling prices which fell at a faster rate than declining steel costs due to competition amid a down trending market environment.

Intensifying competition had continued to put profits and margins under pressure. Consequently, gross profit decreased by S\$22.6 million or 41.4% to from S\$54.6 million in FY2014 to S\$32.0 million in FY2015. Similarly, gross profit margin as a percentage of sales fell from 13.7% in FY2014 to 8.3% in FY2015.

Other operating income increased by S\$4.1 million or 342.5% mainly due to the one-off foreign exchange gain recognised in FY2015.

The increased distribution cost of S\$0.3 million or 5.8% in FY2015 arising from more prompt payment discounts to customers was partly offset by lower personnel-related costs.

Administrative expenses were also lower by S\$4.2 million or 33.9% from S\$12.5 million in FY2014 to S\$8.3 million in FY2015 due to lower personnel costs and share options expense.

Finance costs increased by S\$0.3 million or 25.1% in FY2015 which were attributable to interest expenses related to convertible bonds and trade bills.

Other operating expenses decrease by S\$0.8 million or 20.8% from S\$4.0 in FY2014 million to S\$3.2 million in FY2015. The decrease was mainly due to lower allowance for doubtful debts.

In FY2015, the Group's share of results from the investment in the joint venture in China recorded a loss of S\$0.4 million as compared to a profit of S\$0.3 million in FY2014. This was mainly due to the additional allowance for doubtful debts.

FY2015 vs FY2016

Despite delivering a higher volume of steel, the Group's revenue decreased by S\$38.1 million or 10% from S\$384.9 million in FY2015 to S\$346.8 million in FY2016. The decrease was mainly due to the lower unit selling prices arising from intense competition and lower steel prices.

Consequently, gross profit decreased by S\$3.3 million or 10.4% from S\$32.0 million in FY2015 to S\$28.7 million in FY2016. Similarly, gross profit margin as a percentage of sales fell from 8.31% in FY2015 to 8.27% in FY2016.

Other operating income decreased by S\$4.3 million or 80.8% in FY2016 mainly due to the absent of foreign exchange gained in FY2016.

The decrease in distribution expenses of S\$1.10 million or 19.1% in FY2016 was mainly a result of lower personnel costs and reduction in prompt payment discounts given to customers.

The decrease in administrative expenses of S\$0.9 million or 11.0% in FY2016 was due to a decrease in personnel-related costs were partially off-set by increase in third party professional fees.

The decrease in finance costs of S\$0.4 million or 25.8% in FY2016 was attributable to lower average borrowings during the year.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

The operating expenses increased by S\$4.0 million or 125.8% in FY2016. The increase was mainly due to a realised foreign exchange loss of S\$4.3 million recorded in FY2016 as compared to a realised foreign exchange gain of S\$4.3 million taken up as other income in FY2015. The above increase was partly offset by lower bad debts provision of S\$0.1 million recorded in FY2016 as compared to S\$0.4 million taken up in FY2015.

The Group's share of results from the investment in the joint venture in China recorded a profit of S\$0.6 million in FY2016 as compared to a loss of S\$0.4 million in FY2015. This was mainly due to a reversal of allowance of doubtful debts of S\$0.3 million in FY2016 as compared to an allowance of S\$1.0 million in FY2015.

9M2016 vs 9M2017

The Group's revenue decreased by S\$37.2 million or 14.5% from S\$256.3 million in 9M2016 to S\$219.1 million in 9M2017. The decrease in revenue is mainly attributable to a lower volume of steel delivered because of weaker construction demand.

Intense industry competition borne out of excess production capacities in a soft property and construction market environment continued to put pressure on profit margins. Gross profit decreased by S\$6.4 million or 29.9% from S\$21.4 million in 9M2016 to S\$15.0 million in 9M2017. Similarly, gross profit margin as a percentage of sales fell from 8.0% in 9M2016 to 6.8% in 9M2017.

The decrease in distribution expenses of S\$0.2 million or 6.5% in 9M2017 was mainly due to a reduction in prompt payment discounts given to customers, offset by higher personnel costs.

The decrease in administrative expenses of S\$0.6 million or 10.9% in 9M2017 was mainly a result of decrease in personnel related costs.

The increase in finance costs of S\$0.4 million or 37.7% in 9M2017 was attributable to higher average borrowings to finance steel purchases.

The decrease in other operating expenses of S\$3.0 million or 45.3% in 9M2017 was mainly due to lower foreign exchange losses. A net foreign exchange loss of S\$0.61 million and mark-to-market loss of S\$0.8 million on currency forward contracts were recorded in 9M2017 as compared to a net foreign exchange loss of S\$3.3 million and mark-to-market loss of S\$1.2 million on currency forward contracts in 9M2016. As the Group does not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in profit and loss.

The Group's share of results from the investment in the joint venture in China recorded a loss of S\$0.7 million in 9M2017 as compared to a profit of S\$0.8 million 9M2016.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

10.3 Financial position of the Group

A summary of the unaudited financial position of the Group as at 30 June 2017 is set out below:

| (S\$'000) | Unaudited As at 30 June 2017 |
|---|---------------------------------|
| <u>Non-current assets</u> | |
| Property, plant and equipment | 87,796 |
| Investment in joint venture | 9,233 |
| Loan to investee company | 8,281 |
| Available-for-sale financial assets | 3,743 |
| <u>Current assets</u> | |
| Inventories | 92,091 |
| Trade and other receivables | 61,753 |
| Prepayments | 4,944 |
| Deposits | 264 |
| Cash and cash equivalents | 13,642 |
| Total assets | 281,747 |
| <u>Current liabilities</u> | |
| Trade and other payables | 28,493 |
| Provisions | 6,860 |
| Advances received | 321 |
| Derivative financial instruments | 226 |
| Loans and borrowings | 58,072 |
| Current income tax liabilities | 1,161 |
| <u>Non-current liabilities</u> | |
| Provisions | 393 |
| Loan and borrowings | 10,804 |
| Deferred tax liabilities | 8,267 |
| Total liabilities | 114,597 |
| Total equity | 167,150 |
| (Less) Non-controlling interests | (55) |
| Equity attributable to owners of the Company | 167,205 |
| Number of Shares | 186,335,089 |
| NAV per Share (S\$) | 0.897 |
| Premium of the Offer Price over the NAV per Share (%) | 3.08% |
| Price-to-NAV ("P/NAV") ratio as implied by the Offer Price | 1.03 times |

Source: Group's unaudited financial statements for 9M2017

Assets of the Group

As at 30 June 2017, the assets of the Group of S\$281.7 million comprised mainly: (i) inventories of S\$92.1 million; (ii) property, plant and equipment of S\$87.8 million; (iii) trade and other receivable of S\$61.8 million; (iv) cash and cash equivalents of S\$13.6 million; and (v) investment in joint venture of S\$9.2 million, representing approximately 32.7%, 31.2%, 21.9%, 4.8% and 3.3% of the Group's total assets respectively.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is recognised as expense and included in “cost of sales” in the consolidated statement of comprehensive income statement.

The net reversal of allowance for inventory obsolescence is recognised as income and included in “cost of sales” in the consolidated statement of comprehensive income.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all property, plant and equipment except for freehold land and a leasehold building are measured at cost less accumulated depreciation and accumulated impairment losses. The leasehold building was initially stated at cost and subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation.

The valuation of the leasehold building was carried out in 1993 based on the appraisals received from an independent firm of professional valuers and the revaluation surplus was taken to asset revaluation reserve. The Group does not have a policy of periodically revaluing its leasehold buildings as allowed under FRS 16 for one-off revaluation performed between 1 January 1984 and 31 December 1996.

Depreciation is charged so as to write off the cost of assets, other than freehold land and assets under construction, over their estimated useful lives, using the straight-line method, over a period of 3 to 36 years.

As at 30 June 2017, property, plant and equipment consists of: (i) plant and machinery of approximately S\$52.9 million; (ii) leasehold buildings of approximately S\$16.9 million; (iii) formworks of S\$8.0 million; (iv) construction in progress of S\$6.2 million; (v) freehold land of approximately S\$2.1 million; (vi) motor vehicles of approximately S\$1.0 million; and (vii) furniture and equipment of approximately S\$0.7 million.

Trade and other receivables

As at 30 June 2017, the trade and other receivables of the Group amounted to S\$61.8 million. Trade receivables are non-interest bearing and are generally on 30 to 60 days’ terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Cash and cash equivalents

As at 30 June 2017, the cash and cash equivalents of the Group amounted to S\$13.6 million. Cash at banks earn interest at floating rates based on daily bank deposit rates.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Investment in joint venture

The Group has a 50% equity interest in a joint venture, Anhui BRC & Ma Steel Weldmesh Co. Ltd, incorporated in the People's Republic of China ("PRC"). The joint venture's principal activity is to market and manufacture steel welded wire mesh and other forms of wire and reinforcing steel products for use in the construction industry in the PRC. The Group jointly controls the venture with the other partner under the contractual agreement and unanimous consent is required for all major decisions. As at 30 June 2017, the net asset of the investment amounted to S\$9.2 million.

Liabilities of the Group

The corresponding liabilities of the Group of S\$114.6 million comprised mainly: (i) short term loans and borrowings of S\$58.1 million; (ii) trade and other payables of S\$28.5 million; and (iii) long term loans and borrowings of S\$10.8 million, representing approximately 50.7%, 24.9% and 9.4% of the Group's total liabilities respectively.

NAV of the Group

Accordingly, the NAV of the Group attributable to owners of the Company amounted to approximately S\$167.2 million. Based on the number of issued Shares (excluding treasury Shares) of 186,335,089 Shares as at the Latest Practicable Date, the NAV per Share amounted to S\$0.897 per Share.

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 30 June 2017 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV of the Group as at 30 June 2017.

Independent valuation of the properties of the Group

In connection with the Offer, the Company has commissioned independent valuers to determine the market values of the Group's land and buildings ("**Revalued Properties**") as at 21 September 2017.

Colliers was commissioned in respect of the Group's land and buildings in Singapore ("**Singapore Properties**") which comprised 5 JTC Corporation ("**JTC**") purpose built industrial buildings. MacReal was commissioned in respect of the Group's land and building in Malaysia ("**Malaysia Property**") which comprised 1 industrial property at Senai, West Malaysia.

Based on the Valuation Certificates, the valuation of the Singapore Properties has been carried out in accordance with the Valuation Standards and Guidelines of the Singapore Institute of Surveyors and Valuers and the valuation of the Malaysia Property has been carried out in accordance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia. In arriving at the assessed market value of the Revalued Properties, the valuers have relied on the "As-Is" method. "Market Value" is defined as 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 wherein the parties had each acted knowledgeably, prudently and without compulsion.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Shareholders are advised to read the full text of the Valuation Certificates set out in Appendix 4 to the Circular. A summary of the book value and market value as assessed by the respective independent valuers is also set out in the table below.

| | Book value as at 30 June 2017 (S\$'000) | Revalued amount based on the Valuation Certificates (S\$'000) | Differences (S\$'000) |
|----------------------|---|---|--------------------------|
| Singapore Properties | 12,900 | 57,500 | 44,600 |
| Malaysia Property | 6,141 | 8,137 ⁽¹⁾ | 1,996 |
| Total | 19,041 | 65,637 | 46,596 |

Note:

- (1) The market value of the Malaysia Property of MYR25,300,000 as ascribed by MacReal is converted into Singapore dollars based on the exchange rate of MYR1 : S\$0.3216, extracted from S&P Capital IQ, as at the Latest Practicable Date.

Based on the above, we set out below the adjustments which are made to determine the RNAV of the Group:

| | (S\$'000) |
|--|----------------|
| NAV of the Group as at 30 June 2017 | 167,150 |
| Add: Differences arising from the Revalued Properties | 46,596 |
| RNAV of the Group | <u>213,746</u> |
| RNAV per Share | 1.147 |
| Discount of Offer Price to RNAV per Share | 19.4% |
| Price-to-RNAV ("P/RNAV") ratio as implied by the Offer Price | 0.81 |

Based on our discussion with the Management, the Group would not incur any tax liabilities on the hypothetical disposal of the Revalued Properties on an "as is" basis. We also understand from the Management that the Singapore Properties are JTC purpose built industrial buildings. If the Group want to dispose these properties, the disposal would be subject to JTC's approval.

Based on the above, we note that the Offer Price represents a discount of 19.4% to the RNAV per Share, or a P/RNAV ratio of 0.81 times.

In respect of the above, we have sought the following confirmation from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (i) other than the Revalued Properties, there are no material differences between realisable values of Group's assets and their respective book values as at 30 June 2017 which would have material impact on the NAV of the Group.
- (ii) other than that already provided for or disclosed in the Group's financial statements as at 30 June 2017, there are no other contingent liabilities, bad or doubtful debts or material events which would likely have a material impact on the NAV of the Group as at the Latest Practicable Date.
- (iii) there are no litigation, claim or proceedings pending or threatened against the Company or Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and Group.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

- (iv) save as disclosed in the IFA Letter, there are no other intangible assets and 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.
- (v) save as disclosed in the IFA Letter, there are no material acquisitions or disposals of assets by the Group between 30 June 2017 and the Latest Practicable Date and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

10.4 Comparison with the valuation ratios of selected companies listed on the SGX-ST which are broadly comparable to the Group

For the purpose of our evaluation on the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST. These companies are engaged in the business of manufacturing and trading of steel products which the Company considers to be broadly comparable to the Group ("**Comparable Companies**").

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST, which we may consider to be identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of the business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

A brief description of the Comparable Companies is as follows:

| Comparable Companies | Business Description | Financial Year Ended |
|--|--|----------------------|
| Lee Metal Group Limited ("Lee Metal") | Lee Metal engages in steel merchandising, fabrication, and metal recycling activities in Singapore and Malaysia. The company operates through two segments, steel merchandising, and fabrication and manufacturing. It manufactures and sells reinforcing mesh and other manufactured mesh; processes and sells fabricated reinforcing bars; and trades in steel and metal materials and/or products. The company's products include steel reinforcement bars; cut and bend reinforcement bars; prefabricated cages; standard fabrics; engineered mesh products; and mesh lapping and slab mesh detailing products, as well as beam stirrup, beam capping, column link, and column C-link cages. It is also involved in the property development, construction, and management activities. The company was founded in 1982 and is based in Singapore. | 31 December 2016 |
| Yongnam Holdings Limited ("Yongnam") | Yongnam provides engineering and construction services in Singapore and other Asian countries, and the Middle East. The company's structural steelworks division provides engineering coordination, detailing, and fabrication and erection of structural steel services. This division is also involved in the design, fabrication, supply, and erection of steel structural frames for long span aircraft hangars, high rise buildings, and commercial and industrial buildings, as well as for infrastructure related developments. Its specialist civil engineering division offers modular strutting systems, including laced universal beams of various cross-sections in modular lengths; single and double water beams in various lengths, intermediate supporting beams, king posts, and bracing and water support brackets; and a range of strut to water joints to cover the used angles. The company's mechanical engineering division engages in the installation of mechanical equipment and plants; and supply, fabrication, and installation of mechanical components, as well as plant maintenance activities. The company was founded in 1971 and is based in Singapore. | 31 December 2016 |
| T T J Holdings Limited ("TTJ") | TTJ engages in the design, supply, fabrication, and erection of various structural steel works in Singapore, Malaysia, and India. It offers structural steel works for use in the construction of buildings, factories, plants, and infrastructures; and fabricates and installs various cranes and lifting equipment used in shipyards, factories, and construction sites, as well as handles heavy lifting operations, such as launching of heavy trusses and viaduct beams for MRT and LRT. The company also designs and develops various standard two-rail and three-rail aluminum parapets for use in flyovers and expressways; fabricates and installs various bomb shelter doors for the HDB, MOE, and SMRT; and offers mechanized car parking systems. In addition, it operates a dormitory under the name of Terusan Lodge 1 in Singapore. The company was founded in 1981 and is based in Singapore. | 31 July 2017 |

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

| Comparable Companies | Business Description | Financial Year Ended |
|----------------------------------|--|----------------------|
| Hupsteel Limited ("Hupsteel") | <p>Hupsteel trades in industrial steel products for the oil and gas, chemical and petrochemical, energy, infrastructure, marine, and other industries in Singapore, Malaysia, other Southeast Asian countries, and internationally. It provides pipes, butt weld fittings, flanges, and forged fittings; and structural steel products, such as mild steel plates, high tensile steel plates, mild steel ship plates, boiler plates, mild steel chequered plates, mild steel and high universal beams, sheet piles, bulb flats, channel bars, equal and unequal angle bars, inverted angle bars, flat bars, square bars, round bars, cold formed hollow sections, lipped channels, circular hot finished sections, and square and rectangular hot finished sections. The company also provides building materials, including adhesives, acrylic waterproofing systems, sealants, primers, backer rods, application tools, chairo gate padlocks, win steel slotted angles, and dove cutting abrasives. In addition, it offers pallet, double deep, drive-in, and cantilever racking systems; and medium duty and two/three tiers shelving systems. Further, the company provides racking and logistics services, as well as engages in the property investment holding activities. The company was founded in 1945 and is based in Singapore.</p> | 30 June 2017 |
| HG Metal | <p>HG Metal manufactures and trades in steel products. The company operates in two segments, trading and manufacturing. It offers various steel products, such as angle bars, API pipes, beams, black pipes, chequered plates, flat bars, channels, gratings, hollow sections, ship plates, round/square bars, mild steel plates, steel sheet piles, and T bars. The company also provides cut and bend, caging and rebar fabrication, and integrated coupler and computer controlled production services. In addition, the company offers value-added services and tailored steel solutions for diversified industries, such as energy, heavy equipment, electronics, marine, and others. Further, it provides engineering services; and customized steel finishing services, such as galvanizing, coating, cutting, and drilling, as well as rents plates and beams for the construction industry. Additionally, the company is involved in the sourcing, trading, distribution, wholesale, and retail of steel. It has operations in Singapore, Myanmar, Malaysia, Indonesia, Brunei, India, Sri Lanka, Thailand, Vietnam, the Philippines, New Zealand, Australia, and Papua New Guinea. The company was founded in 1971 and is headquartered in Singapore.</p> | 31 December 2016 |

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

| Comparable Companies | Business Description | Financial Year Ended |
|---|--|-------------------------|
| <p>Asia Enterprises Holdings Limited ("Asia Enterprises")</p> | <p>Asia Enterprises distributes steel products in Singapore, Indonesia, Malaysia, and internationally. The company's products include shipbuilding plates/high tensile plates, hot-rolled plates/chequered plates, wide-flanged beams, bulb flats, channels, equal angles/unequal angles/inverted angles, round/square/flat bars, hollow sections, seamless/ERW API grade pipes, and serrated galvanized gratings. It supplies approximately 25 product categories comprising 1,200 items of steel products to industrial end-users engaged in various activities. The company serves customers primarily in the marine and offshore, oil and gas, and construction industries, as well as precision metal stamping, manufacturing, and engineering/fabrication industries. The company was founded in 1961 and is based in Singapore.</p> | <p>31 December 2016</p> |
| <p>Union Steel Holdings Limited ("Union Steel")</p> | <p>Union Steel, through its subsidiaries, provides collection and recycling of ferrous and non-ferrous scrap metals in Singapore, Malaysia, Indonesia, Korea, China, India, Bangladesh, Japan, and internationally. The company operates through recycling sales, trading sales, scaffolding services, engineering services, and other segments. It imports and exports scrap iron and steel, and ferrous and non-ferrous metals. The company also sells ferrous scrap comprising steel and heavy melting scrap metals; and non-ferrous scrap metals, such as copper, aluminum, zinc, and lead to steel mills, foundries, international traders, and metal brokers. In addition, it trades steel and stainless steel products, which include reinforcement steel bars, H-beams, I-beams, pipes, steel plates, sheet piles, and wire rods for construction and engineering industries. Further, the company rents sheet piles, steel plates, test piles, and beams to the construction and engineering industries; and offers cut and bend services for reinforcement bars and rods. Additionally, it is involved in the provision of scaffolding services and related consultancy services; sale and rental of scaffolding materials; and supply of skilled workers. The company is also involved in leasing industrial properties; providing waste collection and management; the civil construction and engineering works; and manufacturing motor vehicle bodies, trailers, and semi-trailers. Union Steel was founded in 1984 and is based in Singapore.</p> | <p>30 June 2017</p> |

Source: S&P Capital IQ

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

In our evaluation, we have considered the following widely used valuation measures:

| Valuation Ratio | Description |
|---|--|
| Price-to-earnings (“PE”) ratio | <p>PE ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p> |
| Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“EV/EBITDA”) ratio | <p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity’s business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p> |
| P/NAV ratio and P/RNAV ratio | <p>NAV refers to consolidated net asset value, which are the total assets of a company less total liabilities.</p> <p>RNAV refers to the consolidated net asset value, plus revaluation surplus of assets, which are measured based on fair market value.</p> <p>P/NAV and P/RNAV refer to the ratios of a company’s share price divided by NAV per share and RNAV per share respectively.</p> <p>The P/NAV and P/RNAV ratios represent asset-based relative valuation which takes into consideration the NAV and RNAV backing of a company respectively.</p> <p>The NAV and RNAV of a company provide an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> |

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

PE ratio implied by the Offer Price

For our analysis, we have evaluated the implied PE ratio of the Group as ascribed by the Offer Price based on the Group's trailing twelve months ("T12M") and FY2016 profit after tax.

The Group's T12M and FY2016 profit after tax attributable to owners of the Company were S\$3.9 million and S\$8.3 million respectively. Based on the Offer Price of S\$0.925 per Share and the 186,335,089 issued Shares (excluding treasury Shares) as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$172.4 million. The Offer Price thus values the Group at PE ratios of approximately **43.74 times** and **20.66 times**, based on T12M and FY2016 profit after tax attributable to owners of the Company respectively.

EV/EBITDA ratio implied by the Offer Price

In respect of the Group, the EV/EBITDA ratios are calculated based on its T12M EBITDA amounted to S\$14.1 million and FY2016 EBITDA amounted to S\$17.8 million.

The Group's EV of S\$227.5 million is calculated as follows: market capitalisation of S\$172.4 million as implied by the Offer Price, add non-controlling interests of negative S\$0.1 million, add debt of S\$68.9 million and less cash and cash equivalents of S\$13.9 million as at 30 June 2017.

The Offer Price thus values the Group at EV/EBITDA ratios of approximately of **16.11 times** and **12.77 times** based on T12M and FY2016 EBITDA respectively.

P/NAV and P/RNAV ratios implied by the Offer Price

The NAV and the RNAV attributable to owners of the Group as at 30 June 2017 amounted to approximately S\$167.2 million and S\$213.7 million respectively. Based on the number of issued Shares of 186,335,089 Shares (excluding treasury Shares) as at the Latest Practicable Date, the NAV per Share and RNAV per Share amounted to S\$0.897 per Share and S\$1.147 per Share respectively.

The Offer Price of S\$0.925 per Share represents a premium of 3.1% above the NAV per Share of S\$0.897 and values the Group at a P/NAV ratio of **1.03 times** as at 30 June 2017. The Offer Price of S\$0.925 per Share represents a discount of 19.4% to the RNAV per Share of S\$1.147 and values the Group at a P/RNAV ratio of **0.81 times** as at 30 June 2017.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Comparable Companies

The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

| Comparable Companies | Market Capitalisation (\$'million) | PE Ratio ⁽¹⁾ (times) | EV/EBITDA Ratio ⁽²⁾⁽³⁾ (times) | P/NAV Ratio ⁽⁴⁾ (times) |
|---|------------------------------------|---|---|---|
| Lee Metal | 149.5 | 13.60 | 7.62 | 0.82 |
| Yongnam | 130.7 | n.m. ⁽⁵⁾ | n.m. ⁽⁵⁾ | 0.45 |
| TTJ | 129.3 | 11.81 | 3.18 | 0.99 |
| Hupsteel | 98.9 | 137.30 ⁽⁶⁾ | 16.82 | 0.60 |
| HG Metal | 72.6 | n.m. ⁽⁵⁾ | 25.74 | 0.57 |
| Asia Enterprises | 61.4 | 61.40 ⁽⁶⁾ | 5.17 | 0.67 |
| Union Steel | 31.5 | 22.36 | 5.95 | 0.48 |
| Max | | 137.30 | 25.74 | 0.99 |
| Min | | 11.81 | 3.18 | 0.45 |
| Mean | | 15.92 | 10.75 | 0.65 |
| Median | | 13.60 | 6.78 | 0.60 |
| Company (implied by the Offer Price) | 172.4 | 43.74 (based on T12M profit after tax) | 16.11 (based on T12M EBITDA) | 1.03 (based on NAV of the Group as at 30 June 2017) |
| | | 20.66 (based on FY2016 profit after tax) | 12.77 (based on FY2016 EBITDA) | 0.81 (based on RNAV of the Group as at 30 June 2017) |

Sources: S&P Capital IQ, annual reports and announcements of the Comparable Companies and RHTC calculations

Notes:

- (1) PE ratios of the Comparable Companies are calculated based on their respective T12M basic earnings as set out in their latest available published interim results or latest full year results, whichever is applicable.
- (2) The EV of the Comparable Companies are calculated based on (i) their market capitalisation; and (ii) their preferred equity, minority interests and net debt (if any), as set out in their respective latest available financial results.
- (3) The T12M EBITDA of the Comparable Companies are calculated based on their respective latest available published interim results or latest full year results, whichever is applicable.
- (4) The P/NAV ratios of the Comparable Companies are calculated based on their respective NAV values as set out in their latest available published interim results or latest full year results, whichever is applicable.
- (5) n.m. denotes not meaningful due to losses.
- (6) Excluded as statistical outlier.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Based on the above, we observe that:

- (i) The PE ratios of the Company implied by the Offer Price of 43.74 times and 20.66 times, based on the T12M and FY2016 profit after tax attributable to owners of the Company, are within the range of the PE ratios of the Comparable Companies, and above the mean and median PE ratios of the Comparable Companies of 15.92 times and 13.60 times respectively.
- (ii) The EV/EBITDA ratios of the Company implied by the Offer Price of 16.11 times and 12.77 times, based on the T12M and FY2016 EBITDA, are within the range of the EV/EBITDA ratios of the Comparable Companies, and above the mean and median EV/EBITDA ratios of 10.75 times and 6.78 times respectively.
- (iii) The P/NAV ratio of the Company implied by the Offer Price of 1.03 times is above the range of the P/NAV ratios of the Comparable Companies, and is above the mean and median P/NAV ratios of 0.65 times and 0.60 times respectively.
- (iv) The P/RNAV ratio of the Company implied by the Offer Price of 0.81 times is within the range of the P/NAV ratios of the Comparable Companies, and is above the mean and median P/NAV ratios of 0.65 times and 0.60 times respectively.

10.5 Comparison with recently completed mandatory general offers for companies listed on the SGX-ST or SGX-Catalist

For the purpose of our evaluation on the financial terms of the Offer, we have compared the financial terms of the Offer to other recently completed mandatory take-over offers of companies listed on the SGX-ST which were announced since 1 January 2015 and up to the Latest Practicable Date (“**Selected Comparable Transactions**”).

However, we wish to highlight that the list of target companies set out under the Selected Comparable Transactions may not be directly comparable with the Company in terms of market capitalisation, size of operations, business activities, accounting policies, financial performance, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits.

We also wish to highlight that the list of Selected Comparable Transactions is by no means exhaustive and has been compiled based on publicly available information as at the Latest Practicable Date.

The premium (if any) that an offeror would pay in respect of any particular takeover depends on various factors, *inter alia*, the offeror’s intention with regard to the target company, the potential synergy that the offeror can derive from acquiring the target company, the presence of competing bids for the target company, prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets as well as existing and desired level of control in the target company. Therefore, the comparison of the Offer with the Selected Comparable Transactions set out below is for illustrative purposes only. Conclusions drawn from the comparisons made may not reflect the perceived market valuation of the Company.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

| Selected Comparable Transactions | Date of announcement | Premium / (Discount) of Offer Price over / (to) | | | | Price-to-NTA (times) | Independent financial adviser's advice to the independent directors on their recommendation to shareholders in relation to the offers |
|--|--|--|---|---|---|---------------------------|---|
| | | Last transacted market price prior to announcement (%) | VWAP for the 1-month period prior to announcement (%) | VWAP for the 3-month period prior to announcement (%) | VWAP for the 6-month period prior to announcement (%) | | |
| IPC Corporation Ltd | 1 Apr 2015 | 2.4 (93.3) ⁽²⁾ | 4.5 (93.1) ⁽²⁾ | 5.5 (96.6) ⁽²⁾ | 7.4 (96.4) ⁽²⁾ | 0.7 ⁽¹⁾ | Reject the offer |
| Jasper Investments Limited | 18 Sep 2015 | | | | | n.m. ⁽³⁾ | Reject the offer |
| Yorkshire Holdings Limited (formerly known as Novo Group Ltd) | 24 Sep 2015 | 161.5 | 188.1 | 151.9 | 163.6 | 5.2 ⁽⁴⁾ | Accept the offer |
| Camsing Healthcare Limited (formerly known as Jacks International) | 6 Oct 2015 | 90.5 | 103.5 | 103.5 | 121.8 | 1.9 ⁽⁶⁾ | Accept the offer |
| Starland Holdings Limited | 14 Oct 2015 | 25.5 | 45.7 | 60.5 | 73.5 | 0.5 ⁽⁶⁾ | Accept the offer |
| Abundance International Limited | 24 Mar 2016 | 72.4 | 65.6 | 67.2 | 40.4 | 1.3 ⁽⁷⁾ | Accept the offer |
| Ellipsiz Ltd | 7 Jul 2016 | 1.6 | 5.0 | 8.0 | 14.5 | 0.7 ⁽⁸⁾ | Reject the offer |
| Halcyon Agri Corporation Limited ("Halcyon") ⁽⁹⁾ | 18 Jul 2016 | 24.0 | 51.7 | 28.5 | 8.1 | 3.3 | Accept the offer |
| United Engineers Limited ("UE") ⁽¹⁰⁾ | 26 Sep 2016 | 7.9 | 11.5 | 12.8 | 12.7 | 0.9 ⁽¹¹⁾ | Accept the offer |
| China Auto Electronics Group Limited | 24 Oct 2016 | 23.1 | 50.9 | 65.0 | 65.0 | 1.3 ⁽¹²⁾ | Accept the offer |
| International Healthway Corporation Limited | 16 Feb 2017 | – | 14.0 | 20.5 | 32.5 | 0.9 ⁽¹³⁾ | Accept the offer |
| Spindex Industries Limited | 3 Mar 2017 | 21.4 | 20.9 | 23.4 | 15.3 | 1.0 ⁽¹⁴⁾ | Accept the offer |
| Nobel Design Holdings Ltd | 2 May 2017 | 8.5 | 9.4 | 15.9 | 18.6 | 0.7 ⁽¹⁵⁾ | Reject the offer |
| Cityneon Holdings Limited | 12 May 2017 | (5.4) | 0.6 | 3.9 | 0.3 | 3.2 ⁽¹⁶⁾ | Reject the offer |
| Max | | 161.5 | 188.1 | 151.9 | 163.6 | 5.2 | |
| Min | | (93.3) | (93.1) | (96.6) | (96.4) | 0.5 | |
| Mean | | 33.3 | 44.0 | 43.6 | 44.1 | 1.7 | |
| Median | | 21.4 | 20.9 | 23.4 | 18.6 | 1.0 | |
| The Company (implied by the Offer Price) | Based on the Holding Announcement Date on 30 May 2017 | 33.1 | 30.3 | 35.3 | 42.0 | 0.8⁽¹⁷⁾ | |

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

Notes:

- (1) Based on the revalued NAV per share as at 31 December 2014.
- (2) Excluded as statistical outliers in the mean and median computations in relation to the Premium / (Discount) of Offer Price over / (to): (i) the last transacted market price prior to announcement; and (ii) the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the announcement.
- (3) n.m. – Not meaningful as the company was in a net liabilities position as at 30 June 2015.
- (4) Based on the revalued NAV per share as at 31 July 2015.
- (5) Based on the NTA per share as at 31 July 2015.
- (6) Based on the revalued NAV per share as at 30 September 2015.
- (7) Based on the NTA per share as at 31 December 2015.
- (8) Based on the NTA per share as at 30 June 2016.
- (9) Based on prices of the shares of Halcyon prior to and including 8 September 2015, being the last full market day prior to Halcyon's announcement on 9 September 2015 that it was then in confidential discussions with certain parties regarding a potential strategic transaction.
- (10) Based on prices of the shares of UE prior to and including 26 September 2016, being the last full market day prior to the joint announcement released by Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited that they were reviewing strategic options with respect to their combined stakes in United Engineers Limited and WBL Corporation Limited.
- (11) Based on the NTA per share as at 30 June 2017.
- (12) Based on the NTA per share on a diluted basis (after bond conversion) as at 30 June 2016.
- (13) Based on the RNAV per share as at 30 September 2016.
- (14) Based on the RNTA per share as at 31 December 2016.
- (15) Based on the RNAV per share as at 31 March 2017.
- (16) Based on the NAV as at 31 December 2016.
- (17) Based on the RNAV of the Group as at 30 June 2017.

Based on the above, we note the following:

- (a) The premia implied by the Offer Price of 33.1% over the last transacted price of the Shares prior to the Holding Announcement Date is within the range and above the median, but below the mean of the corresponding premia of the Selected Comparable Transactions.
- (b) The premia implied by the Offer Price of 30.3%, 35.3% and 42.0% over the VWAPs for the 1-month, 3-month and 6-month period prior to the Holding Announcement Date are within the range and above the median, but below the mean of the corresponding premia of the Selected Comparable Transactions.
- (c) The P/RNAV ratio of the Group of 0.8 times as implied by the Offer Price is within the range of P/NTA ratios of the Selected Comparable Transactions, but below the mean and median P/NTA ratios of the Selected Comparable Transactions.
- (d) Further, we note that amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “*reject*” the offer, the corresponding premia of these Selected Comparable Transactions are considerably lower than the premia implied by the Offer Price in relation to the Company.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

10.6 Dividend track record of the Company

For the purpose of assessing the Offer, we have considered the historical dividend record of the Shares for the past three financial years prior to the Offer Announcement Date:

| Dividend declared (S\$) | FY2014 | FY2015 | FY2016 |
|---|----------------------|----------------------|-------------|
| Total dividends for the year | 0.065 ⁽¹⁾ | 0.045 ⁽²⁾ | 0.024 |
| Average Share price | 1.013 ⁽³⁾ | 0.813 ⁽³⁾ | 0.612 |
| Dividend yield⁽⁴⁾ (%) | 6.4% | 5.5% | 3.9% |

Sources: Company's announcements released on the SGX-ST, Company's annual reports and S&P Capital IQ

Notes:

- (1) Interim and final dividends are adjusted for Shares consolidation completed in August 2015.
- (2) Interim dividend is adjusted for Shares consolidation completed in August 2015.
- (3) Average last transacted Share price is adjusted for Shares consolidation completed in August 2015.
- (4) Computed based on dividends per Share divided by the average Share price.

We note that the Company had paid dividends with the total dividend per Share ranging from S\$0.024 to S\$0.065, and the dividend yield ranging from 3.9% to 6.4%.

We further note that the dividends distributed by the Company had been decreasing for the past 3 financial years, which reflects the decreasing profitability of the Group. At the same time, the average Share price had also been decreasing for the past 3 financial years. Despite the decreasing Share price, dividend yield had also been decreasing.

While the Company had been paying dividends for the last 3 financial years, the Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements and projected capital expenditure and other investment 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 that the Company will continue to pay dividends in future and/or maintain that level of dividend paid in past periods.

10.7 Other relevant considerations

10.7.1 Negative industry outlook of the Group

We have noted that based on the Group's 9M2017's results announcement released on 14 August 2017, the Group had provided its views on the industry it is operating. We have reproduced the extracts of its views in italics below:

Singapore

"In short, the construction industry remains well and truly mired in a downward cycle. This is despite some recent encouraging signs that growth may be returning to the property development sector, which, even if true, will take some time to translate into construction demand. We can therefore expect that the construction supply chain, which reinforcing steel is an integral part of, will continue to experience highly challenging market conditions in the next 12 months."

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

China

“Operating conditions in China remain challenging, hampering the progress of BRC’s joint venture there.”

Malaysia

“In the last year, our Malaysia business has grown from mainly catering to Singapore precast companies that have expanded or relocated to Johor to manufacture and supply precast components back to Singapore, to developing the resources necessary to compete for local construction projects. This is a step in the direction of becoming a regional reinforcing steel player. While we can expect the challenges ahead on this front to be numerous, we are patient and cautiously optimistic that we can succeed in bringing our Better●Faster●Cheaper Total Reinforcing Steel Solutions outside Singapore.”

10.7.2 No intention to increase the Offer Price

The Offeror does not intend to revise the Offer Price, except that the Offeror reserve the right to do so in a competitive situation.

10.7.3 Likelihood of competing offers is remote

As at the Latest Practicable Date, the Concert Group owned 81,552,151 Shares, representing 43.8% of the issued Shares (excluding treasury Shares) of the Company.

In addition, pursuant to the Conditional Agreement, subject to the approval of HG Metal’s shareholders at an extraordinary general meeting to be held no later than two calendar months from 9 September 2017, being the signing date of the Conditional Agreement, HG Metal will accept the Offer in respect of all its Shares, representing 22.6% of the issued Shares (excluding treasury Shares) of the Company. Should HG Metal obtained shareholders’ approval and accept the Offer, the Concert Group would have total interest of 66.4% of the issued Shares (excluding treasury Shares) of the Company.

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 Offer Shares from any third party.

Due to the foregoing, the likelihood of a competing offer is remote.

10.7.4 Offeror’s intention and no compulsory acquisition by the Offeror

The Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group’s fixed assets, or (c) discontinue the employment of the employees of the Group, 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.

As stated in Section 14 of the Offer Document, the Offeror currently intends to preserve the listing status of the Company on the SGX-ST Main Board, and do not intends to exercise its right of compulsory acquisition if entitled, but maintains the flexibility to assess its options in the event the public float falls below 10%.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

10.7.5 Control of the Company

As at the Latest Practicable Date, the Concert Group owned 81,552,151 Shares, representing 43.8% of the issued Shares (excluding treasury Shares) of the Company. Once HG Metal obtained approval in the extraordinary general meeting and accept the Offer in respect of all its Shares, representing 22.6% of the issued Shares (excluding treasury Shares) of the Company, the Concert Group would have total interest of 66.4% of the issued Shares (excluding treasury Shares) of the Company.

Accordingly, the Offeror may possess statutory control of the Company which entitles it to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders including resolutions on dividend payments by the Company.

11. ASSESSMENT OF THE FINANCIAL TERMS OF THE OPTIONS PROPOSAL

As at the Latest Practicable Date, there are 5,050,600 outstanding Options granted under the ESOS which are exercisable by the Option Holders into 5,050,600 Shares based on exercise prices between S\$0.81 and S\$0.90 per Share.

The See-Through Option Price is computed on a “see-through” basis, such that the See-Through Option Price is the amount (if positive) of the Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Offer Price, the See-Through Option Price will be a nominal amount of S\$0.0000001. For illustration purposes, the respective See-Through Option Price for the 2 sets of outstanding Options would be as follows:

| Grant date | Exercise price | See-Through Option Price |
|-------------------|-----------------------|---------------------------------|
| 28 March 2013 | S\$0.90 | S\$0.025 |
| 28 March 2013 | S\$0.81 | S\$0.115 |

We note that the Offer Price is higher than the exercise prices of the Options.

As See-Through Option Price is calculated on a “see-through” basis, the consideration an Option Holder would receive from accepting the Options Proposal would be the same as if the Option Holder were to convert the Options and accept the Offer. Accordingly, our evaluation and conclusion with respect to the Offer will similarly be relevant to the Option Holders.

Please refer to Section 10 of this Letter for our evaluation of the Offer.

12. ASSESSMENT OF THE FINANCIAL TERMS OF THE CONVERTIBLE BONDS PROPOSAL

As at the Latest Practicable Date, the Company has outstanding S\$10,000,000 principal amount of Convertible Bonds. The Convertible Bonds are convertible into 10,000,000 Shares at S\$1.00 per Share and bear interest at a fixed rate of 5% per annum. As at the Latest Practicable Date, the Convertible Bonds’ accrued interest is approximately S\$124,658. We also note that the Convertible Bonds are not listed and have maturity date of 16 May 2019.

In analysing the Convertible Bonds Proposal, we have assessed the See-Through CB Price, which is computed on a see-through basis, such that the See-Through CB Price is equal to the Offer Price multiplied by the number of new Shares (rounded down to the nearest whole number) into which such principal amount of Convertible Bonds may be converted.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

In evaluating the Convertible Bonds Proposal, we have considered the following:

- (1) Historical quoted prices of the Convertible Bonds;
- (2) Absolute proceeds receivable by Bondholders assuming held to maturity; and
- (3) Other relevant considerations.

12.1 Historical quoted prices of the Convertible Bonds

As the Convertible Bonds are not listed, we are not able to compare the See-Through CB Price against the historical price of the Convertible Bonds had they been listed.

12.2 Absolute proceeds receivable by Bondholders assuming held to maturity

Based on the See-Through CB Price, assuming all the Bondholders accept the Convertible Bonds Proposal, the Bondholders would receive S\$9,250,000 from the Offeror. The Bondholders will not be entitled to any interest accrued from 30 June 2017, being the accrual start date of the next interest payment, and up to the settlement date of the Convertible Bonds Proposal. Alternatively, if all the Bondholders convert its Convertible Bonds into Shares and accept the Offer, they would receive S\$9,250,000 from the Offeror in addition to the interest accrued from 30 June 2017, being the accrual start date of the next interest payment, and up to the conversion date from the Company. The Bondholders also have the option of holding on to their Convertible Bonds and receiving the scheduled interest and principal payments, which would add up to S\$10,936,986 in absolute proceeds upon the maturity of the Convertible Bonds, comprising S\$936,986 from the remaining 4 interest payments as well as S\$10,000,000 in returned principal.

Assuming that all the Bondholders accept the Convertible Bonds Proposal, the Bondholders are entitled to receive S\$9,250,000 in cash. The See-Through CB Price is at a 15.4% discount to the absolute proceeds receivable of S\$10,936,986, if the Bondholders held the Convertible Bonds until maturity.

If the Bondholders wish to divest their investment in the Convertible Bonds, they can either accept the Convertible Bonds Proposal or convert the Convertible Bonds into Shares and accept the Offer. Based on the above, the Bondholders will lose their interest accrued if they accept the Convertible Bonds Proposal. On the other hand, the Bondholders will still be entitled of their interest accrued if they convert the Convertible Bonds into Shares and accept the Offer. Therefore, the Convertible Bonds Proposal is inferior as compared to conversion of the Convertible Bonds into Shares and acceptance of the Offer thereafter.

12.3 Other relevant considerations

12.3.1 Condition of the Convertible Bonds Proposal

The Convertible Bonds Proposal is conditional upon the Offer being declared unconditional in all respects.

12.3.2 Credit risk of the Company and the Offeror

We note that, the Convertible Bonds Proposal does provide Bondholders with the opportunity to immediately monetise their investment and the Financial Adviser has confirmed that the Offeror has sufficient financial resources to make the Convertible Bonds Proposal.

Following the close of the Offer, Bondholders who do not accept the Convertible Bonds Proposal will continue to be exposed to credit risk of the Company.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

We have however noted that the Company has not defaulted any of the interest payments in relation to the Convertible Bonds since its issuance on 16 May 2014. In addition, based on the Company's FY2016 annual report, we note that the auditors did not have going concern qualification in its opinion. We also note that the maturity date of the Convertible Bonds is less than 2 years from the Latest Practicable Date.

We understand from the Management that based on the financial position of the Group as at the Latest Practicable Date, they do not foresee any difficulty of the Group in servicing the Convertible Bonds until its maturity.

12.3.3 Redemption at the option of the Company

On or at any time after the date falling 3 years after the issuance of the Convertible Bonds, the Company may, on giving not less than 30 days' irrevocable notice to the Bondholders to redeem all or some of the Convertible Bonds, specifying the redemption amount plus accrued and unpaid interest, if any, on the principal amount of the Convertible Bonds to be redeemed. The Bondholders are also entitled a sum equivalent to 3 months interest at the rate of 5% per annum on the principal amount of Convertible Bonds being redeemed.

The Bondholders do not have the option to require the Company to redeem all or some of the Convertible Bonds.

As at the Latest Practicable Date, the Company has not redeemed any amount of the Convertible Bonds and the Bondholders have not converted any amount of the Convertible Bonds into the Shares of the Company.

12.3.4 Convertible Bonds remain convertible till maturity

We note that the Offeror has intention to maintain its listing on the SGX-ST following the close of the Offer. Subject to the Convertible Bonds not having been redeemed by the Company, the Convertible Bonds remain convertible into Shares until their maturity.

If Bondholders were to convert their Convertible Bonds into Shares prior to the close of the Offer, they may then, as Shareholders, make assessments of the merits of the Offer taking into consideration the analysis set out in this letter.

We note that the Offeror wish to maintain the listing status of the Company on the SGX-ST. Nevertheless, with respect to the Offer, in the event that the Company is delisted from the SGX-ST and the Bondholders do not accept the Convertible Bonds Proposal, the Convertible Bonds would be converted into unlisted Shares if the Bondholders so choose to convert in the future.

13. CONCLUSION AND OPINION

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

13.1 The Offer

- (a) Market quotation and trading liquidity of the Shares;
 - (i) The Offer Price represents a premium of 33.1% above the last transacted price of the Shares of S\$0.695 on 30 May 2017, being the last full trading day prior to the Holding Announcement Date.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

- (ii) Over the 1-year period prior to the release of the Holding Announcement, the Shares had traded between a low of S\$0.485 and a high of S\$0.775. The Offer Price represents a premium of S\$0.440 (or 90.7%) above the lowest transacted price and a premium of S\$0.150 (or 19.4%) above the highest transacted price of the Shares. The Shares did not trade above Offer Price on all the 123 traded days during the 1-year period prior to the release of the Holding Announcement.
- (iii) The Offer Price represents a premium of approximately 30.3%, 35.3%, 42.0% and 47.0% above the VWAP of the Shares for 1-month, 3-month, 6-month and 1-year periods prior to the release of the Holding Announcement respectively.
- (iv) For the period from the release of the Holding Announcement to the Offer Announcement Date, the Shares had traded between a low of S\$0.695 and a high of S\$0.885. The Offer Price represents a premium of S\$0.230 (or 33.1%) above the lowest transacted price and a premium of S\$0.040 (or 4.5%) above the highest transacted price of the Shares. The Shares did not trade above the Offer Price on all 64 traded days from the Holding Announcement Date up to the Offer Announcement Date.
- (v) The Offer Price represents a premium of approximately 7.6% above the last transacted price of the Shares of S\$0.860 on 8 September 2017, being the last full trading day prior to the Offer Announcement Date.
- (vi) For the period from the release of the Offer Announcement Date to the Latest Practicable Date, the Shares had traded between a low of S\$0.910 and a high of S\$0.925. The Offer Price represents a premium of S\$0.015 (or 1.6%) to the lowest transacted price and equals to the highest transacted price of the Shares.
- (vii) The Offer Price represents a premium of approximately 1.1% to the last transacted price of the Shares of S\$0.915 on 29 September 2017, being the last full trading day prior to the Latest Practicable Date.
- (viii) Over the 1-year period prior to the release of the Holding Announcement Date, the Shares were only traded on 123 days out of 252 market days. The average daily trading volume of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the release of the Holding Announcement represent 0.2%, 0.1%, 0.1% and 0.04% of the free float of the Shares respectively.
- (ix) During the period following the release of the Holding Announcement and up to the release of the Offer Announcement, the average daily trading volume on the Shares was approximately 1,413,000 Shares, representing 2.8% of the free float of the Shares.
- (x) On 8 September 2017, the Offer Announcement Date, the Offeror acquired an aggregate 81,552,151 Shares, representing 43.8% of the total number of issued Shares (excluding treasury Shares), from some of the substantial shareholders of the Company. As such, the Acquisition had caused the trading volume of the Shares to increase to approximately 84.6 million, representing 170.2% of the free float of the Shares.
- (xi) During the period following the release of the Offer Announcement up to the Latest Practicable Date, the average daily trading volume on the Shares was approximately 1.0 million Shares, representing 2.0% of the free float of the Shares.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

As mentioned earlier, we note that the Share price started the upwards trend since March 2017. The Company had subsequently made the Holding Announcement and the Update Announcements, and the upward Share price trend had continued until the Offer Announcement. We understand from the Management that between the Holding Announcement Date and Offer Announcement Date, aside from the Holding Announcement and Update Announcements, they are not aware of any other events which could explain the upward trend of the Share price. It seems that the upward price movement of the Shares could have resulted from speculations of “a potential transaction which may or may not lead to an acquisition of the issued share capital of the Company” as stated in the Holding Announcement and Update Announcements. Between the Holding Announcement Date and the Offer Announcement Date, the last traded Share price had increased substantially by 23.7% from S\$0.695 to S\$0.860. Based on the Offer Document, the Offer Price represents a premium of only approximately 9.8%, 10.0% and 10.6% above the VWAP of the Shares for 1-month, 3-month and 6-month periods prior to the release of the Offer Announcement respectively.

Based on the above observations, it would appear that the current Share price and trading volume is supported by the Offer. There is no assurance that the Share price and trading volume would remain at the current level after the close of the Offer. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a guarantee of its future trading performance.

- (b) Historical financial performance of the Group;
- (c) Financial position of the Group;
- (d) Comparison with the valuation ratios of selected companies listed on the SGX-ST which are broadly comparable to the Group;
 - (i) The PE ratios of the Company implied by the Offer Price of 43.74 times and 20.66 times, based on the T12M and FY2016 profit after tax attributable to owners of the Company, are within the range of the PE ratios of the Comparable Companies, and above the mean and median PE ratios of the Comparable Companies of 15.92 times and 13.60 times respectively.
 - (ii) The EV/EBITDA ratios of the Company implied by the Offer Price of 16.11 times and 12.77 times, based on the T12M and FY2016 EBITDA, are within the range of the EV/EBITDA ratios of the Comparable Companies, and above the mean and median EV/EBITDA ratios of 10.75 times and 6.78 times respectively.
 - (iii) The P/NAV ratio of the Company implied by the Offer Price of 1.03 times is above the range of the P/NAV ratios of the Comparable Companies, and is above the mean and median P/NAV ratios of 0.65 times and 0.60 times respectively.
 - (iv) The P/RNAV ratio of the Company implied by the Offer Price of 0.81 times is within the range of the P/NAV ratios of the Comparable Companies, and is above the mean and median P/NAV ratios of 0.65 times and 0.60 times respectively.
- (e) Comparison with recently completed mandatory general offers for companies listed on the SGX-ST or SGX-Catalist;
 - (i) The premia implied by the Offer Price of 33.1% over the last transacted price of the Shares prior to the Holding Announcement Date is within the range and above the median, but below the mean of the corresponding premia of the Selected Comparable Transactions.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

- (ii) The premia implied by the Offer Price of 30.3%, 35.3% and 42.0% over the VWAPs for the 1-month, 3-month and 6-month period prior to the Holding Announcement Date are within the range and above the median, but below the mean of the corresponding premia of the Selected Comparable Transactions.
 - (iii) The P/RNAV ratio of the Group of 0.8 times as implied by the Offer Price is within the range of P/NTA ratios of the Selected Comparable Transactions, but below the mean and median P/NTA ratios of the Selected Comparable Transactions.
 - (iv) Further, we note that amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “reject” the offer, the corresponding premia of these Selected Comparable Transactions are considerably lower than the premia implied by the Offer Price in relation to the Company.
- (f) Dividend track record of the Company; and
- (i) We note that the Company had paid dividends with the total dividend per Share ranging from S\$0.024 to S\$0.065, and the dividend yield ranging from 3.9% to 6.4%.
 - (ii) We further note that the dividends distributed by the Company had been decreasing for the past 3 financial years, which reflects the decreasing profitability of the Group. At the same time, the average Share price had also been decreasing for the past 3 financial years. Despite the decreasing Share price, dividend yield had also been decreasing.
- (g) Other relevant considerations.
- (i) Negative industry outlook of the Group.
 - (ii) No intention to increase the Offer Price.
 - (iii) Likelihood of competing offers is remote.
 - (iv) Offeror’s intention and no compulsory acquisition by the Offeror.
 - (v) Control of the Company.

The Offeror may possess statutory control of the Company which entitles it to pass all ordinary resolutions on matters in which the Offeror and its concert parties do not have an interest, at general meetings of Shareholders including resolutions on dividend payments by the Company.

13.2 The Options Proposal

The See-Through Option Price is calculated on a “see-through” basis, the consideration an Option Holder would receive from accepting the Options Proposal would be the same as if the Option Holder were to convert the Options and accept the Offer. Accordingly, our evaluation and conclusion with respect to the Offer will similarly be relevant to the Option Holders.

13.3 The Convertible Bonds Proposal

- (a) Historical quoted prices of the Convertible Bonds;
- (b) Absolute proceeds receivable by Bondholders assuming held to maturity;

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

- (i) Assuming that all the Bondholders accept the Convertible Bonds Proposal, the Bondholders are entitled to receive S\$9,250,000 in cash. The See-Through CB Price is at a 15.4% discount to the absolute proceeds receivable of S\$10,936,986, if the Bondholders held the Convertible Bonds until maturity.
 - (ii) The Bondholders will lose their interest accrued if they accept the Convertible Bonds Proposal. On the other hand, the Bondholders will still be entitled of their interest accrued if they convert the Convertible Bonds into Shares and accept the Offer. Therefore, the Convertible Bonds Proposal is inferior as compared to conversion of the Convertible Bonds into Shares and acceptance of the Offer thereafter.
- (c) Other relevant considerations.
- (i) Condition of the Convertible Bonds Proposal

The Convertible Bonds Proposal is conditional upon the Offer being declared unconditional in all respects.
 - (ii) Credit risk of the Company and the Offeror
 - (1) We have however noted that the Company has not defaulted any of the interest payments in relation to the Convertible Bonds since its issuance on 16 May 2014. In addition, based on the Company's FY2016 annual report, we note that the auditors did not have going concern qualification in its opinion. We also note that the maturity date of the Convertible Bonds is less than 2 years from the Latest Practicable Date.
 - (2) We understand from the Management that based on the financial position of the Group as at the Latest Practicable Date, they do not foresee any difficulty of the Group in servicing the Convertible Bonds until its maturity.
 - (iii) Redemption at the option of the Company
 - (iv) Convertible Bonds remain convertible till maturity

13.4 Opinion

Having regard to the considerations set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Offer are fair and reasonable. **Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Offer or sell their Shares in the open market if they obtain a price higher than the Offer Price (after deducting transaction costs).**

As the Offer is being extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise prior to the close of the Options Proposal, we recommend that the Independent Directors provide the same advice to the Option Holders whose exercise price is lower than the Offer Price as is provided to the Shareholders.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY

In respect of the Options Proposal, we note that as the Options Price is calculated on a “see-through” basis, the consideration an Option Holder would receive from accepting the Options Proposal would be the same as if the Option Holder were to convert the Options and accept the Offer. Our advice to Shareholders with respect to the Offer is applicable to Option Holders. **Accordingly, we advise the Independent Directors to recommend Option Holders to ACCEPT the Options Proposal or sell their Shares, after exercising their Options, in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs).**

Having regard to the considerations set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the financial terms of the Convertible Bonds Proposal are neither fair nor reasonable. **Accordingly, we advise the Independent Directors to recommend Bondholders to REJECT the Convertible Bonds Proposal.**

As set out in the Offer Document, Shareholders should also take note that it is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. In the event the percentage of Shares held in public hands falls below 10.0% and the SGX-ST suspends trading of the Shares, the Offeror maintains the flexibility to assess its options in relation to the listing status of the Company.

We have prepared this Letter for the use of the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer, the Options Proposal and the Convertible Bonds Proposal and should not be relied on by any other party. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer, the Options Proposal and the Convertible Bonds Proposal shall remain the sole responsibility of the Independent Directors.

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

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

Yours faithfully
For and on behalf of
RHT Capital Pte. Ltd.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

1. DIRECTORS

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

| Name | Address | Appointment |
|----------------|--|---------------------------|
| Sia Ling Sing | 72 Branksome Road Singapore 439601 | Non-Executive Chairman |
| Lim Siak Meng | 30 Jalan Soo Bee Simei Gardens Singapore 488125 | Group Managing Director |
| Seah Kiin Peng | 39 Jalan Terang Bulan Opera Estate Singapore 457316 | Executive Director |
| Ooi Seng Soon | 334 Kang Ching Road #10-252 Singapore 610334 | Lead Independent Director |
| Tan Lee Meng | 34 Seletar Green View Singapore 805129 | Independent Director |
| Lau Eng Tiong | 63 Lorong Gambir Singapore 536614 | Non-Executive Director |
| Foo Sey Liang | 21 Jalan Malu-Malu Sembawang Springs Estate Singapore 769638 | Non-Executive Director |

2. PRINCIPAL ACTIVITIES

The Company was incorporated in the Republic of Singapore on 14 December 1938 and listed on the Mainboard of the SGX-ST on 24 July 2000. The Company is involved in the business of building construction as well as the manufacture of basic iron and steel, engaging in the prefabrication of steel reinforcement for use in concrete in Singapore, Malaysia and the People's Republic of China.

3. SHARE CAPITAL

3.1 Issued Shares

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$68,011,000 comprising 186,335,089 Shares and 1,626,600 treasury Shares.

There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

Since the end of FY2016 to the Latest Practicable Date, the Company has not issued any new Shares nor has there been any alteration in the share capital of the Company.

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

3.2 Convertible Securities

As at the Latest Practicable Date, there are:

- (a) outstanding options to subscribe for an aggregate of 5,050,600 new Shares granted under the ESOS; and
- (b) an outstanding principal amount of S\$10,000,000 5% redeemable convertible bonds due 16 May 2019 which are convertible into 10,000,000 Shares at S\$1.00 per Share.

3.3 Rights in respect of capital, dividends and voting rights

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting rights have been reproduced in Appendix 3 to this Circular.

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries owns, controls or has agreed to acquire any Offeror Securities, whether directly or indirectly.

4.2 Interests of Directors in Company Securities

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

Interests in Shares

| Name | Direct Interest | | Deemed Interest | | Number of Shares comprised in outstanding Options |
|------------------------------|------------------|------------------|------------------|------------------|---|
| | Number of Shares | % ⁽¹⁾ | Number of Shares | % ⁽¹⁾ | |
| Lim Siak Meng | – | – | – | – | 3,186,600 |
| Foo Sey Liang ⁽²⁾ | – | – | 42,145,518 | 22.62 | |

Interests in convertible bonds of the Company

| Name | Direct Interest | Deemed Interest |
|------------------------------|-----------------|-----------------|
| Lau Eng Tiong ⁽³⁾ | – | S\$1,000,000 |

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

Notes:

- (1) Based on a total of 186,335,089 Shares as at the Latest Practicable Date.
- (2) HG Metal Manufacturing Limited has a 100.00% interest in HG Metal Investments Pte. Ltd. which in turn has an interest of 100.00% in HG Metal Pte. Ltd. which in turn has an interest of 22.62% in the Shares of the Company. Mr Foo Sey Liang has a 100.00% interest in Flame Gold International Limited which has a 22.29% interest in HG Metal Manufacturing Limited and is deemed to have an interest in the 42,142,518 Shares held by HG Metal Pte. Ltd. pursuant to Section 7 of the Companies Act.
- (3) Lau Eng Tiong is deemed to have an interest in the convertible bonds of the Company held by Gnoh Hock Realty Private Ltd via his and his immediate family's shareholdings in Gnoh Hock Realty Private Ltd pursuant to Section 7 of the Companies Act.

4.3 Interests of Directors in Offeror Securities

As the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in any Offeror Securities.

4.4 Interests of the IFA in Company Securities

As the Latest Practicable Date, the IFA, its related corporations and/or any funds whose investments are managed by the IFA on a discretionary basis do not own or control any Company Securities.

4.5 Directors' intentions

The Directors who hold (or are deemed interested in) Shares have indicated their intention in respect of accepting or rejecting the Offer in respect of their Shares as follows:

- (a) Mr Lim Siak Meng has informed the Company that he intends to accept the Options Proposal in respect of all the Options held by him.
- (b) In relation to Mr Foo Sey Liang's deemed interest in the Shares, as disclosed in Section 4 of the letter to Shareholders in this Circular, the Offeror and HG Metal have on 9 September 2017 entered into the Conditional Agreement (as defined in the Offer Document) for HG Metal Manufacturing Limited to accept the Offer in respect of all its Shares, subject to the approval of its shareholders at an extraordinary general meeting to be held in accordance with the Listing Manual by no later than two calendar months from 9 September 2017, being the signing date of the Conditional Agreement (as defined in the Offer Document).

5. DEALINGS DISCLOSURE

5.1 Dealings in Offeror Securities by the Company

Neither the Company nor any of its subsidiaries has dealt for value in any Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

5.2 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date save as set out below:

- (a) on 8 September 2017, Lingco Marine Pte. Ltd. and Lingco Holdings Pte. Ltd. sold an aggregate of 49,980,958 Shares to the Offeror at S\$0.925 per Share. Mr Sia Ling Sing has an interest of 30.17% in Lingco Marine Pte. Ltd. and is deemed interested in the 37,836,898 Shares and 12,144,060 Shares held by Lingco Marine Pte. Ltd. and Lingco Holdings Pte. Ltd. respectively;
- (b) on 8 September 2017, Mr Seah Kiin Peng sold 3,413,785 Shares to the Offeror at S\$0.925 per Share;
- (c) on 8 September 2017, Mr Lim Siak Meng sold 12,394,504 Shares to the Offeror at S\$0.925 per Share; and
- (d) on 8 September 2017, Sin Teck Guan (Pte) Ltd sold 15,762,904 Shares to the Offeror at S\$0.925 per Share. Mr Lau Eng Tiong has an interest of 25.00% in Sin Teck Guan (Pte) Ltd and is deemed interested in the 15,762,904 Shares held by Sin Teck Guan (Pte) Ltd.

5.3 Dealings in Offeror Securities by Directors

None of the Directors has dealt for value in any Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.4 Dealings in Company Securities by the IFA

Neither the IFA nor its related corporations and/or funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

6. ARRANGEMENTS WITH DIRECTORS

6.1 Directors' service contracts

As at the Latest Practicable Date and save as disclosed below, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than twelve (12) months to run and which cannot be terminated by the Company within the next twelve (12) months without paying any compensation and there are no such service contracts entered into or amended between any Director or proposed director with the Company during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

Other than in certain specified events of default, the service contracts entered into between the Company and each of Mr Lim Siak Meng (Group Managing Director) and Mr Seah Kiin Peng (Executive Director) can only be terminated by the Company by giving not less than twelve (12) months' written notice or by giving the relevant appointee an amount equal to twelve (12) months' salary in lieu of such notice.

Pursuant to Mr Lim's employment contract which expires on 31 December 2018, Mr Lim is entitled to be paid: (a) a base salary of S\$37,973 per month; (b) an annual wage supplement equivalent to one (1) month's salary; and (c) an annual performance bonus dependent on the extent to which certain PBT targets set for the relevant financial year have been achieved.

Pursuant to Mr Seah's employment contract which expires on 28 February 2019, Mr Seah is entitled to be paid: (a) a base salary of S\$16,274 per month; (b) an annual wage supplement equivalent to one (1) month's salary; and (c) an annual performance bonus dependent on the extent to which certain PBT targets set for the relevant financial year have been achieved.

"**PBT**" shall, in relation to each financial year, mean the Group's audited consolidated profit before taxation (after deducting profit before taxation attributable to minority interests and excluding any gains earned from one-off sale of fixed assets, extraordinary and/or exceptional items) and before payment of the performance bonus.

6.2 Arrangements affecting Directors

As at the Latest Practicable Date:

- (i) there are no payments or other benefits to be made or given to any Director or to any 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;
- (ii) 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
- (iii) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

7. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons¹ (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

8. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (i) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and
- (ii) the Directors are not aware of any 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 Company and its subsidiaries taken as a whole.

9. FINANCIAL INFORMATION

9.1 Financial information of the Group

A summary of the audited consolidated financial statements of the Group for FY2014, FY2015 and FY2016, and the unaudited consolidated financial statements of the Group for 3Q2017 is set out below. The summary below should be read together with the audited consolidated financial statements of the Group for FY2014, FY2015 and FY2016 and the related notes thereto as set out in the Company's annual reports and the Company's "Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the period ended 30 June 2017" as set out in the announcement dated 14 August 2017 issued by the Company (copies of which are available for inspection at the registered office of the Company as mentioned in Section 10.3 of this Appendix 2).

¹ As defined in the Note to Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person 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.

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

| | (Audited) | | | (Unaudited) |
|--|--|---------------------|---------------------|--|
| | Financial year ended 30 September FY2014 S\$('000) | FY2015 S\$('000) | FY2016 S\$('000) | Financial period ended 30 June 2017 S\$('000) |
| Revenue | 397,365 | 384,927 | 346,752 | 219,083 |
| Exceptional items | – | – | – | – |
| Net profit before tax | 33,233 | 18,486 | 10,143 | 1,712 |
| Net profit after tax | 28,433 | 15,403 | 8,341 | 735 |
| Net basic earnings per share (in cents) | 15.53 | 8.27 | 4.47 | 0.43 |
| Net dividends per shares (in cents) | 1.3 | 2.5 | 2.4 | – |

The following table summarises the audited consolidated balance sheet of the Group for FY2014, FY2015 and FY2016, and the unaudited consolidated balance sheet of the Group for 3Q2017. The summary below should be read together with the audited consolidated financial statements of the Group for FY2014, FY2015 and FY2016 and the related notes thereto as set out in the Company's annual reports and the Company's "Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the period ended 30 June 2017" as set out in the announcement dated 14 August 2017 issued by the Company (copies of which are available for inspection at the registered office of the Company as mentioned in Section 10.3 of this Appendix 2).

| | Financial year ended 30 September (Audited) | | | Financial period ended (unaudited) |
|---------------------------|--|---------------------|---------------------|--|
| | FY2014 S\$('000) | FY2015 S\$('000) | FY2016 S\$('000) | 30 June 2017 S\$('000) |
| Current assets | 204,450 | 181,879 | 174,376 | 172,694 |
| Non-current assets | 79,514 | 85,923 | 94,405 | 109,053 |
| Total assets | 283,964 | 267,802 | 268,781 | 281,747 |
| Current liabilities | 94,169 | 78,439 | 76,340 | 95,133 |
| Non-current liabilities | 23,011 | 21,501 | 20,829 | 19,464 |
| Total liabilities | 117,180 | 99,940 | 97,169 | 114,597 |
| Share capital | 67,931 | 68,011 | 68,011 | 68,011 |
| Treasury shares | (190) | (689) | (1,044) | (1,105) |
| Other reserve | 1,084 | (625) | (1,193) | (1,946) |
| Retain earnings | 97,962 | 101,221 | 105,833 | 102,245 |
| Non-controlling interests | (3) | (56) | 5 | (55) |
| Total equity | 166,784 | 167,862 | 171,612 | 167,150 |

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

9.2 Material changes in financial position

As at the Latest Practicable Date, save as disclosed in this Circular and publicly available information on the Company, there has not been, within the knowledge of the Directors, any material change in the financial position of the Company since 30 September 2016, being the date to which the last published audited consolidated financial statements of the Group were made up.

9.3 Significant accounting policies

A summary of the significant accounting policies of the Group is set out in the notes to the audited consolidated financial statements of the Group for FY2016.

Save as disclosed in this Circular and save for information on the Group which is publicly available (including, without limitation, the audited financial statements of the Company for FY2014, FY2015 and FY2016):

- (a) there are no significant accounting policies or any matter from the notes of the audited consolidated financial statements of the Group for FY2016 which are of any major relevance for the interpretation of the financial statements of the Group; and
- (b) as at the Latest Practicable Date, there has not been any change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

9.4 Independent Valuation of the Properties and Assets

In connection with the Offer, the Company has commissioned the Independent Valuers to determine the market values of the Group's land and buildings (the "**Revalued Properties**") as at 21 September 2017. The Valuation Certificates in relation to the Revalued Properties are set out in Appendix 4 to this Circular.

Colliers International Consultancy & Valuation (S) Pte Ltd was commissioned in respect of the Group's land and buildings in Singapore which comprise five (5) JTC purpose-built industrial buildings (the "**Singapore Properties**"). Based on the Valuation Certificates in respect of the Singapore Properties, the valuation of each of the Singapore Properties was carried out in accordance with the Valuation Standards and Guidelines of the Singapore Institute of Surveyors and Valuers.

MacReal International (JB) Sdn Bhd was commissioned in respect of the Group's land and building in Malaysia which comprises one (1) industrial property in Senai, West Malaysia (the "**Malaysia Property**"). Based on the Valuation Certificate in respect of the Malaysia Property, the valuation of the Malaysia Property was carried out in accordance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia.

In arriving at the assessed Market Value of each of the Revalued Properties, the Independent Valuers have relied on the "as is" method. For the purposes of the valuations, "Market Value" is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

Shareholders are advised to read the full text of the Valuation Certificates set out in Appendix 4 to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the Revalued Properties, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of valuation. The management of the Company is of the view that there are no potential tax liabilities which may be incurred by the Group on the hypothetical disposal of the Revalued Properties on an “as is” basis as any gain or loss is capital in nature, and as at the Latest Practicable Date, the Group has no intention to sell the Revalued Properties as such properties are held for the Group’s principal business activity and are held for long term investment purposes. In addition, as the Singapore Properties are JTC purpose-built industrial buildings, any disposal of such properties would be subject to the approval of JTC. The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Revalued Properties. The Group has no immediate plans to dispose of its interests in the Revalued Properties and accordingly, the aforesaid tax liabilities are not likely to crystallise.

10. GENERAL

10.1 Costs and Expenses

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

10.2 Consents

- (a) The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Independent Directors set out in Section 7.2 of this Circular and all references thereto, in the form and context in which they appear in this Circular.
- (b) The Independent Valuers have given and have not withdrawn their written consents to the issue of this Circular with the inclusion of their respective names, the Valuation Certificates which are appended in Appendix 4 to this Circular, and references thereto, in the form and context in which they appear in this Circular.

10.3 Documents available for inspection

Copies of the following documents are available for inspection at the registered office of the Company at 350 Jalan Boon Lay, Singapore 619530 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2014, FY2015 and FY2016;
- (c) the Company’s “Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the period ended 30 June 2017” as set out in the announcement dated 14 August 2017 issued by the Company;
- (d) the IFA Letter;

APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

- (e) the Valuation Certificates; and
- (f) the letters of consent referred to in Section 10.2 of this Appendix 2.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution, the relevant provisions of which are set out below. Please see the definitions in the Constitution for terms used in the reproduced extract below.

Rights in respect of capital

ISSUE OF SHARES

Issue of new shares

7. Subject to Applicable Laws and this Constitution, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting but subject thereto and to Regulation 53, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:
- (a) no shares shall be issued which results in a transfer of a controlling interest in the Company without the prior approval of the Members in a general meeting;
 - (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;
 - (c) where the capital of the Company consists of shares of different monetary denominations, the voting rights shall be prescribed in such manner that a unit of capital in each class when reduced to a common denominator, shall carry the same voting power when such right is exercisable;
 - (d) (subject to any direction to the contrary that may be given by the Company in general meeting), any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Regulation (1) with such adaptations as are necessary shall apply; and
 - (e) any other issue of shares, the aggregate of which would exceed the limits referred to in Regulation, shall be subject to the approval of the Company in general meeting.

Issue of shares for no consideration

8. The Company may issue shares for which no consideration is payable to the Company.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- Rights attached to certain shares 9. (1) Preference shares may be issued subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in this Constitution. The total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time (or subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed). Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and financial statements and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.
- (2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.
- Treasury shares 10. The Company shall not exercise any rights (including the right to attend and vote at general meetings) in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

VARIATION OF RIGHTS

- Variation of rights 11. (1) If at any time the share capital is divided into different classes, preference capital other than redeemable preference capital may be repaid and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting. The Directors shall comply with the provisions of Applicable Laws as to forwarding a copy of any such consent or resolution to the Registrar.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

Rights of preference shareholders

- (2) The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

Creation or issue of further shares with special rights

12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

SHARES

Power to pay commission and brokerage

13. Unless otherwise specified or restricted by Applicable Laws, the Company may pay commissions or brokerage on any issue or purchase of its shares, or sale, disposal or transfer of treasury shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other, provided that a payment made using the Company's share capital will not be taken as reduction of its share capital.

Power to charge interest on capital

14. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

Prohibition on financial assistance

15. Except as permitted or provided by the Act, no part of the funds of the Company shall, directly or indirectly, be employed in the acquisition of or lending of money on the security of any shares or units of shares in the Company or its holding company, if any. Except as permitted or provided by the Act, the Company shall not, directly or indirectly, give any financial assistance for the purpose of or in connection with the acquisition of any shares or units of shares in the Company or its holding company, if any.

No trust recognised

16. Except as required by Applicable Laws, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by Applicable Laws otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

whose name is entered in the Depository Register in respect of that share. Nothing contained herein in this Regulation relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

- | | | |
|----------------------------|-----|---|
| Fractional part of a share | 17. | No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share. |
| Payment of instalments | 18. | If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same. |

SHARE CERTIFICATES

- | | | |
|--------------------|-----|---|
| Share certificates | 19. | The certificate of title to shares or debentures in the capital of the Company shall be issued under the seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two (2) Directors, or of one (1) Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates or such information as required under Applicable Laws. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the auditors of the Company. |
| Joint holders | 20. | <p>(1) The Company shall not be bound to register more than three (3) persons as the joint holders of any share except in the case of executors, trustees or administrators of the estate of a deceased Member.</p> <p>(2) If two (2) or more persons are registered as joint holders of any share any one of such persons may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of Applicable Laws, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.</p> <p>(3) Only the person whose name stands first in the Register of Members as one (1) of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice</p> |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

- Entitlement to certificate
21. (1) Every registered holder shall be entitled to receive, and the Company shall allot and despatch to the Depository for the account of every Depositor who is a Member, within ten (10) market days (or such period as may be permitted and/or required under Applicable Laws) of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue or within such period as the conditions of issue shall provide or, as the case may be, within ten (10) market days of the date of lodgement of a registrable transfer (other than such transfer as the Company is for any reason entitled to refuse to register and does not register) or on a transmission of shares (or such period as may be permitted and/or required under Applicable Laws), one certificate in respect of each class of shares held by him or registered in the name of the Depository, as the case may be. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.
- Retention of Certificate
- (2) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Regulations 45, 46, 50 and 51, *mutatis mutandis*.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- | | | |
|---|-----|---|
| New certificates may be issued | 22. | (1) Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. |
| New certificate in place of one not surrendered | (2) | When any shares under the powers in this Constitution herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up. |

TRANSFER OF SHARES

- | | | |
|----------------------------|-----|---|
| Form of transfer of shares | 23. | Subject to this Constitution and Applicable Laws, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be either: (a) in writing and in the form for the time being approved by the Directors and in the event of the Company being listed on the Exchange, the Exchange; or (b) by book-entry in the Depository Register in accordance with Applicable Laws. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers in the form approved by the Exchange. |
| Execution | 24. | The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members. |
| Person under disability | 25. | No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs. |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

Directors' power to decline to register

26. (1) Subject to this Constitution, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall within thirty days, or such other period as may be permitted and/or required under Applicable Laws, give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.

Terms of registration of transfers

- (2) The Directors may decline to register any instrument of transfer unless:–
- (i) such fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require, is paid to the Company in respect thereof;
 - (ii) the instrument of transfer, duly stamped in accordance with any Applicable Law relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by a certificate of payment of stamp duty (if any is payable), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (iii) the instrument of transfer is in respect of only one (1) class of shares.

Retention of transfers

27. (1) All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.
- (2) Subject to Applicable Laws, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided that:–

- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Regulation; and
- (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

Closing of Register

28. The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in the aggregate in any year. Provided always that the Company shall give prior notice of such closure as may be required under Applicable Laws to the Exchange, stating the period and purpose or purposes for which the closure is made.

Renunciation of allotment

29. (1) Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Indemnity against wrongful transfer

- (2) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

TRANSMISSION OF SHARES

Transmission on death 30. (1) In case of the death of a registered shareholder, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased registered shareholder (whether sole or joint) from any liability in respect of any share held by him.

(2) In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.

Persons becoming entitled on death or bankruptcy of Member may be registered 31. (1) Any of the following persons:

- (i) person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share;
- (ii) any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members;
- (iii) any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and (a) who is mentally disordered and incapable of managing himself or his affairs; or (b) whose person or estate is liable to be dealt with in any way under the law relating to mental capacity,

may, upon producing such evidence of title as the Directors may from time to time require, and subject as hereinafter provided, elect either to be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person.

If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any 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 executed by such Member. The Directors shall have, in

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

Notice to unregistered executors and trustees

- (2) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of unregistered executors and trustees

32. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notices of or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Depositor in respect of the share.

Fee for registration of probate, etc.

33. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S\$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.

CALL ON SHARES

Calls on shares

34. The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

Time when made

35. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

Interest on calls

36. 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 sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight (8) per cent per annum as the Directors determine, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

order to recover payment of or in consequence of such non-payment of such call or instalment, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

- | | |
|-----------------------------|--|
| Sum due to allotment | 37. Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of this Constitution be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. |
| Power to differentiate | 38. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments. |
| Payment in advance of calls | 39. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in general meeting eight (8) per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide. |

FORFEITURE AND LIEN

- | | |
|--|--|
| Notice requiring payment of calls | 40. If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment. |
| Notice to state time and place | 41. The notice shall name a further day (not being less than seven (7) days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited. |
| Forfeiture on non-compliance with notice | 42. If the requirements of any such notice as aforesaid 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 and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by this Constitution expressly saved, or as are by Applicable Laws given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.

- | | | |
|---|-----|---|
| Notice of forfeiture to be given and entered | 43. | When any share has been forfeited in accordance with this Constitution, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this Regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid. |
| Directors may allow forfeited share to be redeemed | 44. | Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit. |
| Sale of shares forfeited | 45. | A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid. |
| Rights and liabilities of Members whose shares have been forfeited or surrendered | 46. | A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight (8) per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part. |
| Company's lien | 47. | The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

and interest and expenses thereon but 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 Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation.

Member not entitled to privileges until all calls paid

48. No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Sale of shares subject to lien

49. The Directors may sell in such manner as the Directors think fit 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 nor until the expiration of seven (7) days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

Application of proceeds of such sale

50. The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.

Title to shares forfeited or surrendered or sold to satisfy a lien

51. A statutory declaration in writing by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

ALTERATION OF CAPITAL

Rights and
privileges of
new shares

52. Subject to Applicable Laws and any special rights for the time being attached to any existing class of shares, any new shares in the Company may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Company may from time to time by ordinary resolution direct and if no direction be given as the Directors shall determine; subject to the provisions of this Constitution and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Issue of
new shares to
Members

53. (1) Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.
- (2) Notwithstanding Regulation 53(1) above but subject to Applicable Laws and the other provisions of this Constitution, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:
- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
 - (ii) make or grant Instruments; and/or
 - (iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;

- (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and this Constitution; and
- (c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

- (3) Notwithstanding Regulation 53(1) above but subject to Applicable Laws, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

New shares otherwise subject to provisions of Applicable Laws and this Constitution

- 54. Except so far as otherwise provided by the conditions of issue or by this Constitution, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of Applicable Laws and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Power to consolidate, cancel and subdivide shares

- 55. The Company may:
 - (1) by ordinary resolution or as otherwise permitted under Applicable Laws alter its share capital in the manner permitted under Applicable Laws and in particular (without limitation) may:–
 - (i) consolidate and divide all or any of its shares. On any consolidation of fully paid shares into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the shares of Members to be consolidated determine which particular shares are to be consolidated into each consolidated share and in the case of any shares of Members being consolidated with shares of another Member may make such arrangements as may be thought fit for the sale of the consolidated share or any fractions thereof and for such purpose may appoint some person to transfer the

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

consolidated share to the purchaser and arrange either for the distribution among the persons entitled thereto of the net proceeds of such sale after deduction of the expenses of sale or for the payment of such net proceeds to the Company provided that when the necessary unissued shares are available the Directors may in each case where the number of shares in respect of which any holder or Depositor is a Member is not an exact multiple of the number of shares to be consolidated into a single share issue to each such holder or Depositor credited as fully paid up by way of capitalisation the minimum number of shares required to round up his shareholding to such a multiple (such issue being deemed to have been effected immediately prior to consolidation) and the amount required to pay up such shares shall be appropriated at the Directors' discretion from any of the sums standing to the credit of any of the Company's reserve accounts or to the credit of profit and loss account and capitalised by applying the same in paying up such shares;

- (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
- (iii) subdivide its shares or any of them (subject to the provisions of the Act and this Constitution), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (iv) subject to the provisions of this Constitution and Applicable Laws, convert its share capital or any class of shares from one currency to another currency;

- (2) by special resolution or as otherwise permitted under Applicable Laws and subject to the provisions of this Constitution and Applicable Laws, convert any class of shares into any other class of shares.

- (3) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of Applicable Laws, on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with Applicable Laws. Unless otherwise provided by Applicable Laws, any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with Applicable Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

Repurchase of
Company's shares

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- Power to reduce capital 56. The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by Applicable Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and Applicable Laws, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

STOCK

- Power to convert into stock 57. The Company may by ordinary resolution convert any or all its paid up shares into stock and may from time to time by resolution reconvert any stock into paid up shares of any denomination.
- Transfer of stock 58. The holders of stock may transfer the same or any part thereof in the same manner and subject to this Constitution as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.
- Rights of stockholders 59. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.
- Interpretation 60. All provisions of this Constitution applicable to paid up shares shall apply to stock and the words **share** and **shareholder** or similar expression herein shall include **stock** or **stockholder**.

Rights in respect of voting

GENERAL MEETINGS

- Annual General Meeting 61. (1) Subject to the provisions of Applicable Laws, the Company shall in each year hold a general meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen (15) months shall elapse between the date of one (1) Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place in Singapore as the Directors shall appoint.
- Extraordinary General Meetings (2) All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

Calling of
Extraordinary
General Meetings

62. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

Notice of meetings

63. (A) (1) Subject to the provisions of the Act as to the calling of meetings at short notice, at least fourteen (14) clear days' notice in writing of every general meeting shall be given in the manner hereinafter mentioned to all members and such persons (including the auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen (14) clear days' notice of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange and any other stock exchange on which the Company is listed. Save as provided by the Act, where at any general meeting it is proposed to pass special resolutions or a resolution of which special notice is to be given to the Company, at least twenty-one (21) clear days' notice in writing of such general meeting must be given to members and such persons (including the auditors) entitled to receive the notice. Provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:—
- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
 - (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority in aggregate holding not less than 95 per cent of the total voting rights of all members having a right to vote at that meeting.
- (2) The accidental omission to give notice to, or the non-receipt by any person entitled thereto shall not invalidate the proceedings or any resolution passed at any general meeting.

Contents of notice

- (B) (1) Every notice calling a general meeting shall specify the place, day and hour of the general meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- | | |
|--|---|
| Notice of Annual General Meeting | (2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such. |
| Nature of special business to be specified | (3) In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. In the event of the Company being listed on the Exchange, at least fourteen (14) days' notice of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange. |
| Special business | <p>64. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–</p> <ul style="list-style-type: none">(a) declaring dividends;(b) receiving and adopting the financial statements, the Directors' statements, auditors' report and other documents required to be attached or annexed to the financial statements;(c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;(d) re-appointing the retiring auditors (unless they were last appointed otherwise than by the Company in general meeting);(e) fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and(f) fixing the remuneration of the Directors proposed to be paid under Regulation 91. |

PROCEEDINGS AT GENERAL MEETINGS

- | | |
|-----------------------------------|---|
| Quorum | 65. No business shall be transacted at any general meeting unless a quorum is present at the time the meeting proceeds to business. Except at any time when a corporation or a limited liability partnership is the sole Member, two (2) Members present in person shall form a quorum. For the purpose of this Regulation, Member includes a person attending by proxy or by attorney or by a corporate representative in the case of a corporation or a limited liability partnership which has appointed a corporate representative. Provided that (i) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum. |
| Adjournment if quorum not present | 66. If within half an hour from the time appointed for the general meeting a quorum is not present, the general 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 other day |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

and at such other time and place as the Directors may determine, and if at such adjourned general meeting a quorum is not present within half an hour from the time appointed for holding the general meeting, the general meeting shall be dissolved.

- | | | |
|---|-----|---|
| Resolutions in writing | 67. | Subject to Applicable Laws, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation or a limited liability partnership, by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one (1) or more of such Members. |
| Chairman | 68. | The Chairman of the Board of Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every general meeting. If there is no such Chairman or Deputy Chairman or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the general meeting or is unwilling to act, the Directors present shall choose a Director amongst them to be Chairman of the general meeting or, if no Director is present or if all the Directors present are unwilling to take the Chair, or otherwise fail to choose a Director amongst them to be Chairman of the meeting, the Members present shall choose a Member present to be Chairman. |
| Adjournment with consent of meeting | 69. | The Chairman may, with the consent of any general meeting at which a quorum is present (and shall if so directed by the general meeting), adjourn the general meeting from time to time and from place to place, but no business shall be transacted at any adjourned general meeting except business which might lawfully have been transacted at the general meeting from which the adjournment took place. When a general meeting is adjourned for fourteen (14) days or more, notice of the adjourned general meeting shall be given as in the case of the original general meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting. |
| Mandatory polling | 70. | (1) If required by the listing rules of any stock exchange upon which the shares of the Company may be listed, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by such stock exchange). |
| Method of voting where mandatory polling not required | | (2) Subject to Regulation 70(1), at any general meeting a resolution put to the vote of the general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:— (i) by the Chairman of the general meeting; or |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (ii) by at least three (3) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation or a limited liability partnership, by a representative and entitled to vote thereat; or
- (iii) by any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation or a limited liability partnership, by a representative or any number or combination of such Members, holding or representing not less than five per cent (5%) of the total voting rights of all the Members present and having the right to vote at the general meeting; or
- (iv) by a Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation or a limited liability partnership, by a representative or any number or combination of such Members, holding or representing shares in the Company conferring a right to vote at the general meeting being shares on which an aggregate sum has been paid up equal to not less than five per cent (5%) of the total sum paid up on all the shares of the Company (excluding treasury shares) conferring that right.

Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so 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 lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

- (3) If required by Applicable Laws, the Chairman of the meeting shall appoint at least one scrutineer for each general meeting who shall be independent of the persons undertaking the polling process.

Taking a poll

- 71. Subject to Regulation 70(1), if a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. The Chairman may, and if required by the listing rules of the Exchange or if so requested by the meeting shall, appoint scrutineers and may adjourn the general meeting to some place and time in Singapore fixed by him for the purpose of declaring the result of the poll.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

| | | |
|---|-----|---|
| Votes counted in error | 72. | If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same general meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude. |
| Chairman's casting vote | 73. | Subject to Applicable Laws, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is required or demanded under this Constitution, as the case may be, shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member. |
| Time for taking a poll | 74. | A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the general meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately. |
| Continuance of business after demand for a poll | 75. | The demand for a poll shall not prevent the continuance of a general meeting for the transaction of any business, other than the question on which the poll has been demanded. |

VOTES OF MEMBERS

| | | |
|--------------------------|-----|--|
| Voting rights of Members | 76. | <p>(1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 10, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation or a limited liability partnership) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way. Every Member who is present in person or by proxy shall:</p> <p>(i) on a poll, have one vote for every share which he holds or represents; and</p> <p>(ii) on a show of hands, have one vote, provided that:–</p> <p>(a) in the case of a Member who is not a Relevant Intermediary and who is represented by two (2) proxies, only one of the proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands; and</p> <p>(b) in the case of a Member who is a Relevant Intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands.</p> |
|--------------------------|-----|--|

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

(2) Notwithstanding anything contained in this Constitution, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy-two (72) hours before the time of the relevant general meeting (the **cut-off time**) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

Voting in respect of shares of different monetary denominations

77. Where the shares of the Company are of different monetary denominations, a unit of capital in each such class of shares shall, when reduced to a common denominator, carry the same voting power when such right is exercisable.

Voting rights of joint holders

78. Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation or a limited liability partnership, by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

Voting rights of mentally disordered Members

79. If a Member be or his affairs, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than seventy-two (4872) hours before the time appointed for holding the meeting.

Right to vote

80. Subject to the provisions of this Constitution, every Member either personally or by proxy or by attorney or in the case of a corporation or a limited liability partnership, by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

- | | |
|------------------------|---|
| Objections | 81. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. |
| Votes on a poll | 82. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation or a limited liability partnership, by its representative and a person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way. |
| Appointment of proxies | 83. (1) Unless otherwise provided by the Act:– (i) a Member who is not a Relevant Intermediary may appoint not more than two (2) proxies to attend, speak and vote at the same general meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and (ii) a Member who is a Relevant Intermediary may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. (2) If the Member is a Depositor, the Company shall be entitled and bound:– (i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the cut-off time as certified by the Depository to the Company; and (ii) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered against the name of that Depositor as at the cut-off time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor. |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (3) Where a Member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- (4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the member personally or by his attorney, or in the case of a corporation or a limited liability partnership, by its representative.
- (5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members or, in the case of a Depositor, standing to the credit of that Depositor's Securities Account as at the cut-off time as certified by the Depository to the Company, such proxy may not exercise any of the votes or rights of the shares not registered in the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.
- (6) If the Chairman is appointed as proxy, he may authorise any other person to act as proxy in his stead. Where the Chairman has authorised another person to act as proxy, such other person shall be taken to represent all Members whom the Chairman represented as proxy.
- (7) Where a person present at a general meeting represents by proxy, attorney or representative more than one (1) Member on a show of hands:
 - (i) the person is entitled to one (1) vote only despite the number of Members the person represents;
 - (ii) that vote will be taken as having been cast for all the Members the person represents; and
 - (iii) if the person has been appointed as a proxy under two (2) or more instruments that specify different ways to vote on a resolution, the person may not vote as a proxy on a show of hands, however, if the person is a Member, the person may vote on a show of hands without regard to the proxies the person holds.
- (8) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

(9) A Member who has deposited an instrument appointing any number of proxies to vote on his behalf at a general meeting shall not be precluded from attending and voting in person at that general meeting. Any such appointment of all the proxies concerned shall be deemed to be revoked upon the attendance of the Member appointing the proxy/proxies at the relevant general meeting.

Proxy need not be a Member 84. A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any general meeting.

Instrument appointing a proxy 85. (1) Any instrument appointing a proxy shall be in writing in the common form or any other form approved by the Directors and shall be:

(i) if the instrument of proxy is delivered personally or sent by post, executed under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation or a limited liability partnership, executed under seal or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws; or

(ii) if the instrument of proxy is submitted by electronic communication, authorised by the appointor or his attorney duly authorised in writing or the corporation or limited liability partnership (as the case may be) through such method and in such manner as may be approved by the Directors,

and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the general meeting in question.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointer (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 84, failing which the instrument may be treated as invalid.

Directors may approve method and manner, and designate procedure, for electronic communications

(2) The Directors may, in their absolute discretion:–

(i) approve the method and manner for an instrument appointing a proxy to be authorised; and

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (ii) designate the procedure for authenticating an instrument appointing a proxy, as contemplated in Regulation 85(1)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 85(1)(i) shall apply.
- Instrument deemed to confer authority to demand for poll
- (3) An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer to move any resolution or amendment thereto and to speak at the meeting. Unless otherwise instructed, a proxy or an attorney shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.
- To be left at Company's office
86. (1) The original instrument appointing a proxy, together with the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and:
- (i) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting; or
- (ii) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the general meeting,
- and in either case not less than seventy-two (72) hours before the time appointed for the holding of the general meeting or adjourned general meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that an instrument of proxy relating to more than one (1) meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.
- (2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 86(1)(ii). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 86(1)(i) shall apply.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- | | | |
|---|------|--|
| Intervening death or insanity of principal not to revoke proxy | 87. | A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used. |
| Voting in absentia | 87A. | Subject to this Constitution and Applicable Laws, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile. |
| Corporations or a limited liability partnership acting by representatives | 88. | Any corporation or limited liability partnership, 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 of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Regulation. |

Rights in respect of dividends

DIVIDENDS AND RESERVES

- | | | |
|----------------------------|------|---|
| Payment of dividends | 129. | The Directors may, with the sanction of the Company, by ordinary resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company. |
| Apportionment of dividends | 130. | Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise provided by the Act: (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid. |

For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- | | |
|---|--|
| Payment of preference and interim dividends | 131. Without the need for sanction of the Company under Regulation 129, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends thereon of such amounts and on such dates as they may think fit. |
| Dividends not to bear interest | 132. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company. |
| Deduction from dividend | 133. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct. |
| Retention of dividends on shares subject to lien | 134. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. |
| Retention of dividends on shares pending transmission | 135. The Directors may retain the dividends payable on shares in respect of which any person is under this Constitution, as to the transmission of shares, entitled to become a Member, or which any person under this Constitution is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same. |
| Unclaimed dividends | 136. (1) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depository returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable. |

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (2) A payment by the Company to the Depositor of any dividend or other money payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

Payment of dividend in specie

137. The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and 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 Directors.

Scrip dividend

138. (1) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such election or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;
 - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the ***elected ordinary shares***) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Regulation 143, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (2) (i) The ordinary shares allotted pursuant to the provisions of Regulation 138(1) shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Regulation 138(1), with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).
- (3) The Directors may, on any occasion when they resolve as provided in Regulation 138(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation shall be read and construed subject to such determination.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (4) The Directors may, on any occasion when they resolve as provided in Regulation 138(1), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register are outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (5) Notwithstanding the foregoing provisions of this Regulation, if at any time after the Directors' resolution to apply the provisions of Regulation 138(1) in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of Regulation 138(1).

Dividends payable
by cheque

139. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

Effect of transfer

140. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

Power to carry
profit to reserve

141. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

- Central Depository System 142. So long as shares in the capital of the Company are listed for quotation on the Exchange, the Directors shall have power generally to take such steps (not inconsistent with this Constitution) as they may deem necessary, advisable or appropriate to achieve or facilitate the trading of the Company's shares, debentures or other securities through the Central Depository System established under the SFA.

CAPITALISATION OF PROFITS AND RESERVES

- Power to capitalise profits 143. (1) The Directors may, with the sanction of an ordinary resolution of the Company (including any ordinary resolution passed pursuant to Regulation 53(2):
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an ordinary resolution passed pursuant to Regulation 53(2)) such other date as may be determined by the Directors,in proportion to their then holdings of shares; and
 - (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an ordinary resolution passed pursuant to Regulation 53(2)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

APPENDIX 3: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

- (2) In addition and without prejudice to the powers provided for by Regulations 143(1) and 144, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up such shares in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit.

Directors to do all acts and things to give effect

144. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register of Members or in the Depository Register as the case may be and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned. The Directors may authorise any person to enter, on behalf of all the members interested, into an agreement with the Company providing for any such capitalisation and matters incidental thereto, and any agreement made under such authority shall be effective and binding on all concerned.

APPENDIX 4: VALUATION CERTIFICATES



Colliers International Consultancy & Valuation (Singapore) Pte Ltd
 1 Raffles Place
 #45-00, One Raffles Place
 Singapore 048616
 RCB No. 198105965E

MAIN +65 6223 2323
 FAX +65 6222 4901
 URL www.colliers.com



Valuation Certificate

| Our Reference | 2017/92 (A) | | | | | | | | |
|---|--|---------|----------------------------|---|---|-----------------|---|-----------------|---|
| Valuation Prepared For | BRC Asia Limited | | | | | | | | |
| Instruction | <p>In accordance with our terms of engagement dated 20 September 2017, we provide our valuation of the unexpired leasehold interest in the property, for sale purpose.</p> <p>An inspection of the property was made on 21 September 2017. Investigations have been conducted independently and without influence from any third parties. The information used for this report has been obtained from your goodselves, the public domain, and our internal database, and has been reasonably verified.</p> | | | | | | | | |
| Property Address | 350 Jalan Boon Lay, 20 and 22 Tractor Road Singapore 619530, 627978/9 | | | | | | | | |
| Valuer | The valuation has been prepared by Stella Seow and Goh Seow Leng. Both of them have no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property. | | | | | | | | |
| Valuation Standards | This valuation has been carried out in accordance with the Valuation Standards and Guidelines of the Singapore Institute of Surveyors and Valuers. | | | | | | | | |
| Valuation Basis | Market Value on 'As-Is' Basis. Market Value is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". | | | | | | | | |
| Legal Description | <table border="1"> <thead> <tr> <th>Address</th> <th>Lot Nos. All of Mukim 6</th> </tr> </thead> <tbody> <tr> <td>350 Jalan Boon Lay and 22 Tractor Road</td> <td>Lot 2328P</td> </tr> <tr> <td>22 Tractor Road</td> <td>Lot 363X</td> </tr> <tr> <td>20 Tractor Road</td> <td>Lot 364L</td> </tr> </tbody> </table> | Address | Lot Nos. All of Mukim 6 | 350 Jalan Boon Lay and 22 Tractor Road | Lot 2328P | 22 Tractor Road | Lot 363X | 20 Tractor Road | Lot 364L |
| Address | Lot Nos. All of Mukim 6 | | | | | | | | |
| 350 Jalan Boon Lay and 22 Tractor Road | Lot 2328P | | | | | | | | |
| 22 Tractor Road | Lot 363X | | | | | | | | |
| 20 Tractor Road | Lot 364L | | | | | | | | |
| Tenure | <table border="1"> <thead> <tr> <th>Address</th> <th>Tenure</th> </tr> </thead> <tbody> <tr> <td>350 Jalan Boon Lay and 22 Tractor Road</td> <td>21 years 5 months 30 days with effect from 2 July 2009</td> </tr> <tr> <td>22 Tractor Road</td> <td>60 years with effect from 1 February 1967</td> </tr> <tr> <td>20 Tractor Road</td> <td>21 years 6 months with effect from 1 July 2009</td> </tr> </tbody> </table> | Address | Tenure | 350 Jalan Boon Lay and 22 Tractor Road | 21 years 5 months 30 days with effect from 2 July 2009 | 22 Tractor Road | 60 years with effect from 1 February 1967 | 20 Tractor Road | 21 years 6 months with effect from 1 July 2009 |
| Address | Tenure | | | | | | | | |
| 350 Jalan Boon Lay and 22 Tractor Road | 21 years 5 months 30 days with effect from 2 July 2009 | | | | | | | | |
| 22 Tractor Road | 60 years with effect from 1 February 1967 | | | | | | | | |
| 20 Tractor Road | 21 years 6 months with effect from 1 July 2009 | | | | | | | | |
| Registered Proprietor(s) | BRC Asia Limited | | | | | | | | |

APPENDIX 4: VALUATION CERTIFICATES



| Brief Description | <p>The subject property comprises an industrial development with a 2-storey administration building, a single-storey detached factory with a 3-storey ancillary building, another single-storey detached factory with a 4-storey dormitory building and 2 other single-storey detached factories with an open yard and surface carpark, motor-cycles and bicycle lots.</p> <p>It is located on the junction of Jalan Boon Lay and Tractor Road, within Jurong Industrial Estate and some 19 km away from the City Centre.</p> <p>Accessibility to other parts of Singapore is enhanced by its proximity to the Ayer Rajah/ Pan-Island Expressways and Boon Lay MRT Station, all a short drive away.</p> <p>The subject properties are currently used as industrial production area and ancillary offices.</p> | | | | | | | | | | |
|--|---|---------|--------------------------------|--|-----------|-----------------|---------|-----------------|----------|-------|-----------|
| Land/Floor Areas | <table border="1"> <thead> <tr> <th>Address</th> <th>Land Area (sm) or thereabouts</th> </tr> </thead> <tbody> <tr> <td>350 Jalan Boon Lay and 22 Tractor Road</td> <td>26,053.7</td> </tr> <tr> <td>22 Tractor Road</td> <td>4,790.8</td> </tr> <tr> <td>20 Tractor Road</td> <td>4,630.4</td> </tr> <tr> <td>Total</td> <td>35,474.9</td> </tr> </tbody> </table> | Address | Land Area (sm) or thereabouts | 350 Jalan Boon Lay and 22 Tractor Road | 26,053.7 | 22 Tractor Road | 4,790.8 | 20 Tractor Road | 4,630.4 | Total | 35,474.9 |
| Address | Land Area (sm) or thereabouts | | | | | | | | | | |
| 350 Jalan Boon Lay and 22 Tractor Road | 26,053.7 | | | | | | | | | | |
| 22 Tractor Road | 4,790.8 | | | | | | | | | | |
| 20 Tractor Road | 4,630.4 | | | | | | | | | | |
| Total | 35,474.9 | | | | | | | | | | |
| Floor Area | <table border="1"> <thead> <tr> <th>Address</th> <th>Approximately Floor Area (sm)*</th> </tr> </thead> <tbody> <tr> <td>350 Jalan Boon Lay and 22 Tractor Road</td> <td>13,760.67</td> </tr> <tr> <td>22 Tractor Road</td> <td>818.94</td> </tr> <tr> <td>20 Tractor Road</td> <td>3,013.00</td> </tr> <tr> <td>Total</td> <td>17,592.61</td> </tr> </tbody> </table> | Address | Approximately Floor Area (sm)* | 350 Jalan Boon Lay and 22 Tractor Road | 13,760.67 | 22 Tractor Road | 818.94 | 20 Tractor Road | 3,013.00 | Total | 17,592.61 |
| Address | Approximately Floor Area (sm)* | | | | | | | | | | |
| 350 Jalan Boon Lay and 22 Tractor Road | 13,760.67 | | | | | | | | | | |
| 22 Tractor Road | 818.94 | | | | | | | | | | |
| 20 Tractor Road | 3,013.00 | | | | | | | | | | |
| Total | 17,592.61 | | | | | | | | | | |
| | *As provided and subject to survey | | | | | | | | | | |
| Year of Completion | <p>The original buildings were built Circa 1960s generally. The Temporary Occupation Permit for the dormitory was issued on 9 May 2016 and addition and alteration works for one of the single-storey factory was completed in December 2015.</p> | | | | | | | | | | |
| Occupancy | <p>The premises is occupied by the registered lessee.</p> | | | | | | | | | | |
| Property Tax | <p>The total 2017 Annual Values is S\$2,437,000/-. Property Tax is payable at 10% of the annual value.</p> | | | | | | | | | | |
| Land Rent | <p>The total JTC land rent payable is S\$770,663.16 per annum (including GST and sublet Fee).</p> | | | | | | | | | | |
| Master Plan Zoning (2014 Edition) | <p>Business 2</p> | | | | | | | | | | |
| Valuation Approach | <p>Comparison Method and Income Capitalisation Approach</p> | | | | | | | | | | |

2 350 Jalan Boon Lay, 20 & 22 Tractor Road
Singapore 619530, 627978/9
Our Ref :2017/92 (A)

APPENDIX 4: VALUATION CERTIFICATES



| | |
|--------------------------------------|---|
| Caveats & Assumptions | This report is subject to and includes our Standard Caveats and Assumptions as set out at Appendix I. |
| Date of Inspection/ Valuation | 21 September 2017 |
| Market Value | S\$39,000,000/- (Singapore Dollars Thirty Nine Million Only) |

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

A handwritten signature in black ink, appearing to be "Goh Seow Leng".

Goh Seow Leng
B.Sc (Estate Management), MSISV
Licenced Appraiser No. AD041-2003809B
Executive Director
Valuation and Advisory Services I Singapore

SS/GSL/ds

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

- (a) Is by its nature confidential.
- (b) Is designed by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'The Property' means the assets which are subject of our appointment as your advisor.

'We', 'Us', 'Our', 'Colliers' means Colliers International Limited.

'You', 'Your', 'Client' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'Professional Property Practice Standards' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

4. **ENVIRONMENT AND PLANNING**
- 4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.
- 4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.
- 4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.
- 4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.
5. **FLOOR/BUILDING AREAS AND LETTABLE AREAS**
- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.
6. **OTHER ASSUMPTIONS**
- 6.1 Unless otherwise notified by You, We will assume:
- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
- (b) All licences and permits can be renewed and We have not made any enquires in this regard.
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.
- 6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.
- 6.7 All Location Plans are obtained from www.streetdirectory.com. Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.
- 6.8 Values are reported in Singapore currency unless otherwise stated.
7. **ESTIMATED SELLING PRICE**
- 7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:
- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

- 8. CURRENCY OF VALUATION**
- 8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.
- 8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.
- 8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:
- (a) After the expiry of 3 months from the Currency Date;
- (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.
- 9. MARKET PROJECTIONS**
- 9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.
- 10. YOUR OBLIGATIONS**
- 10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.
- 10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if:
- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
- (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
- (c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.
- 10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.
- 10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.
- 10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.
- 10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

11. CONFIDENTIALITY

- 11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.
- 11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.
- 11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.
- 11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. PRIVACY

- 12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. SUBCONTRACTING

- 13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

14. LIMITATION OF COLLIERS LIABILITY

- 14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.
- 14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.
- 14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.
- 14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.
- 14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.
- 14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.
- 14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

- 14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.
- 14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.
- 14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.
- 15. ENTIRE AGREEMENT**
- 15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.
- 15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated
- 16. ANTI BRIBERY AND CORRUPTION MEASURES**
- 16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.
- 16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

APPENDIX 4: VALUATION CERTIFICATES



Colliers International Consultancy & Valuation (Singapore) Pte Ltd
 1 Raffles Place
 #45-00, One Raffles Place
 Singapore 048616
 RCB No. 198105965E

MAIN +65 6223 2323
 FAX +65 6222 4901
 URL www.colliers.com



Valuation Certificate

| | |
|---------------------------------|--|
| Our Reference | 2017/92 (B) |
| Valuation Prepared For | BRC Asia Limited |
| Instruction | <p>In accordance with our terms of engagement dated 20 September 2017, we provide our valuation of the unexpired leasehold interest in the property, for sale purpose.</p> <p>An inspection of the property was made on 21 September 2017. Investigations have been conducted independently and without influence from any third parties. The information used for this report has been obtained from your goodselves, the public domain, and our internal database, and has been reasonably verified.</p> |
| Property Address | 5 Sixth Lok Yang Road Singapore 628103 |
| Valuer | The valuation has been prepared by Stella Seow and Goh Seow Leng. Both of them have no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property. |
| Valuation Standards | This valuation has been carried out in accordance with the Valuation Standards and Guidelines of the Singapore Institute of Surveyors and Valuers. |
| Valuation Basis | Market Value on 'As-Is' Basis. Market Value is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". |
| Legal Description | Lot 1131M Mukim 6 |
| Tenure | 18 years 4 months 16 days with effect from 16 August 2012 |
| Registered Proprietor(s) | BRC Asia Limited |
| Brief Description | <p>The subject property comprises a part single/ part 4-storey industrial purpose built building with a temporary dormitory.</p> <p>It is located on the western side of Sixth Lok Yang Road, near its junction with Lok Yang Way, within Jurong Industrial Estate and some 21 km away from the City Centre.</p> <p>Accessibility to other parts of Singapore is enhanced by its proximity to the Ayer Rajah/ Pan-Island Expressways and Joo Koon MRT Station, all a short drive away.</p> <p>The subject property is currently used as an industrial production area and ancillary offices.</p> |

APPENDIX 4: VALUATION CERTIFICATES



| | |
|--|---|
| Land Area | 9,834.9 sm or thereabouts |
| Floor Area | Approximately 8,900.76 sm (as provided and subject to survey) |
| Year of Completion | The Temporary Occupation Permit for the property was issued on 16 January 2012. |
| Occupancy | The premises is occupied by the registered lessee. |
| Property Tax | The 2017 Annual Value is S\$1,380,000/-. Property Tax is payable at 10% of the annual value. |
| Land Rent | The JTC land rent payable is S\$181,785.60 (including GST) per annum. |
| Master Plan Zoning (2014 Edition) | Business 2 |
| Valuation Approach | Comparison Method and Income Capitalisation Approach |
| Caveats & Assumptions | This report is subject to and includes our Standard Caveats and Assumptions as set out at Appendix I. |
| Date of Inspection/Valuation | 21 September 2017 |
| Market Value | S\$9,500,000/- (Singapore Dollars Nine Million and Five Hundred Thousand Only) |

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Goh Seow Leng
B.Sc (Estate Management), MSISV
Licenced Appraiser No. AD041-2003809B
Executive Director
Valuation and Advisory Services | Singapore

SS/GSL/ds

2 5 Sixth Lok Yang Road
Singapore 628103
Our Ref : 2017/92 (B)

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

- (a) Is by its nature confidential.
- (b) Is designed by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'The Property' means the assets which are subject of our appointment as your advisor.

'We', 'Us', 'Our', 'Colliers' means Colliers International Limited.

'You', 'Your', 'Client' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'Professional Property Practice Standards' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

4. **ENVIRONMENT AND PLANNING**
- 4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.
- 4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.
- 4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.
- 4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.
5. **FLOOR/BUILDING AREAS AND LETTABLE AREAS**
- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.
6. **OTHER ASSUMPTIONS**
- 6.1 Unless otherwise notified by You, We will assume:
- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
- (b) All licences and permits can be renewed and We have not made any enquires in this regard.
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.
- 6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.
- 6.7 All Location Plans are obtained from www.streetdirectory.com. Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.
- 6.8 Values are reported in Singapore currency unless otherwise stated.
7. **ESTIMATED SELLING PRICE**
- 7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:
- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

- 8. CURRENCY OF VALUATION**
- 8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.
- 8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.
- 8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:
- (a) After the expiry of 3 months from the Currency Date;
- (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.
- 9. MARKET PROJECTIONS**
- 9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.
- 10. YOUR OBLIGATIONS**
- 10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.
- 10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;
- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
- (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
- (c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.
- 10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.
- 10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.
- 10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.
- 10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

11. CONFIDENTIALITY

- 11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.
- 11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.
- 11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.
- 11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. PRIVACY

- 12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. SUBCONTRACTING

- 13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

14. LIMITATION OF COLLIERS LIABILITY

- 14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.
- 14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.
- 14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.
- 14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.
- 14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.
- 14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.
- 14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

- 14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.
- 14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.
- 14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.
- 15. ENTIRE AGREEMENT**
- 15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.
- 15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated
- 16. ANTI BRIBERY AND CORRUPTION MEASURES**
- 16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.
- 16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

APPENDIX 4: VALUATION CERTIFICATES



Colliers International Consultancy & Valuation (Singapore) Pte Ltd
 1 Raffles Place
 #45-00, One Raffles Place
 Singapore 048616
 RCB No. 198105965E

MAIN +65 6223 2323
 FAX +65 6222 4901
 URL www.colliers.com



Valuation Certificate

| | |
|---------------------------------|---|
| Our Reference | 2017/92 (C) |
| Valuation Prepared For | BRC Asia Limited |
| Instruction | <p>In accordance with our terms of engagement dated 20 September 2017, we provide our valuation of the unexpired leasehold interest in the property, for sale purpose.</p> <p>An inspection of the property was made on 21 September 2017. Investigations have been conducted independently and without influence from any third parties. The information used for this report has been obtained from your goodselves, the public domain, and our internal database, and has been reasonably verified.</p> |
| Property Address | 12 Tuas Avenue 5 Singapore 639338 |
| Valuer | The valuation has been prepared by Stella Seow and Goh Seow Leng. Both of them have no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property. |
| Valuation Standards | This valuation has been carried out in accordance with the Valuation Standards and Guidelines of the Singapore Institute of Surveyors and Valuers. |
| Valuation Basis | Market Value on 'As-Is' Basis. Market Value is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". |
| Legal Description | Lot 1134T Mukim 7 |
| Tenure | 30 years with effect from 1 January 2013 |
| Registered Proprietor(s) | BRC Asia Limited |
| Brief Description | <p>The subject property comprises a standard JTC factory with mezzanine floor.</p> <p>It is located on the eastern side of Tuas Avenue 5, off Tuas Road within Jurong Industrial Estate and some 26 km away from the City Centre.</p> <p>Accessibility to other parts of Singapore is enhanced by its proximity to the Ayer Rajah/ Pan-Island Expressways and Joo Koon MRT Station, all a short drive away.</p> <p>The subject property is currently used as an industrial production area and ancillary offices.</p> |

APPENDIX 4: VALUATION CERTIFICATES



| | |
|--|---|
| Land Area | 10,357.9 sm or thereabouts |
| Floor Area | Approximately 6,078.2 sm (as provided and subject to survey) |
| Year of Completion | Circa 1980s |
| Occupancy | The premises is occupied by the registered lessee. |
| Property Tax | The 2017 Annual Value is S\$797,000/-. Property Tax is payable at 10% of the annual value. |
| Land Rent | The JTC land rent is S\$240,610.92 per annum (including GST) |
| Master Plan Zoning (2014 Edition) | Business 2 |
| Valuation Approach | Comparison Method and Income Capitalisation Approach |
| Caveats & Assumptions | This report is subject to and includes our Standard Caveats and Assumptions as set out at Appendix I. |
| Date of Inspection/Valuation | 21 September 2017 |
| Market Value | S\$9,000,000/- (Singapore Dollars Nine Million Only) |

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Goh Seow Leng
B.Sc (Estate Management), MSISV
Licenced Appraiser No. AD041-2003809B
Executive Director
Valuation and Advisory Services | Singapore

SS/GSL/ds

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

- (a) Is by its nature confidential.
- (b) Is designed by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'The Property' means the assets which are subject of our appointment as your advisor.

'We', 'Us', 'Our', 'Colliers' means Colliers International Limited.

'You', 'Your', 'Client' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'Professional Property Practice Standards' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

4. **ENVIRONMENT AND PLANNING**
- 4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.
- 4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.
- 4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.
- 4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.
5. **FLOOR/BUILDING AREAS AND LETTABLE AREAS**
- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.
6. **OTHER ASSUMPTIONS**
- 6.1 Unless otherwise notified by You, We will assume:
- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
- (b) All licences and permits can be renewed and We have not made any enquires in this regard.
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.
- 6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.
- 6.7 All Location Plans are obtained from www.streetdirectory.com. Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.
- 6.8 Values are reported in Singapore currency unless otherwise stated.
7. **ESTIMATED SELLING PRICE**
- 7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:
- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

- 8. CURRENCY OF VALUATION**
- 8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.
- 8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.
- 8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:
- (a) After the expiry of 3 months from the Currency Date;
 - (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.
- 9. MARKET PROJECTIONS**
- 9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.
- 10. YOUR OBLIGATIONS**
- 10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.
- 10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if:
- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
 - (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
 - (c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.
- 10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.
- 10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.
- 10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.
- 10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

11. CONFIDENTIALITY

- 11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.
- 11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.
- 11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.
- 11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. PRIVACY

- 12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. SUBCONTRACTING

- 13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

14. LIMITATION OF COLLIERS LIABILITY

- 14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.
- 14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.
- 14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.
- 14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.
- 14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.
- 14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.
- 14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

APPENDIX 4: VALUATION CERTIFICATES



Appendix I

- 14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.
- 14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.
- 14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.
- 15. ENTIRE AGREEMENT**
- 15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.
- 15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated
- 16. ANTI BRIBERY AND CORRUPTION MEASURES**
- 16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.
- 16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

APPENDIX 4: VALUATION CERTIFICATES



No.27-B,Jalan Undan 15, Taman Perling
81200 Johor Bahru, Johor Darul Takzim.
Tel/Fax No.: +607-2411 535
Website: www.macrealinternational.com



Valuation Certificate

| | |
|--------------------------|---|
| Our Reference | JB/524/2017/LEE & 2017/92(D) |
| Valuation Prepared For | BRC Asia Limited |
| Instruction | <p>In accordance with our terms of engagement dated 20th September 2017, we provide our valuation of the freehold interest in the property, for Sales Negotiation purpose.</p> <p>An inspection of the property was made on 21st September 2017. Investigations have been conducted independently and without influence from any third parties. The information used for this report has been obtained from your goodselves, the public domain, and our internal database, and has been reasonably verified.</p> |
| Property Address | No. PTD103251, Jalan Idaman 3/9, Kawasan Perindustrian Desa Idaman, 81400 Senai, Johor Darul Ta'zim, Malaysia. |
| Valuer | The valuation has been prepared by Lee Shi Hao and Wong Yee Leck. Both of them have no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property. |
| Valuation Standards | This valuation has been carried out in accordance with the Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia. |
| Valuation Basis | Market Value on 'As-Is' Basis. Market Value is defined as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". |
| Legal Description | Lot No. PTD103251, Mukim of Senai, District of Kulajaya, Malaysia |
| Tenure | Freehold interest |
| Registered Proprietor(s) | BRC PREFAB HOLDINGS SDN. BHD. |
| Brief Description | <p>The subject property is an industrial land improved with a double-storey office building annexed with a single-storey factory, a refuse chamber-cum-pump room, a TNB electric sub-station as well as a two-storey dormitory.</p> <p>It is located within a well-planned industrial estate namely Kawasan Perindustrian Desa Idaman, Senai, which is directly on the east of the Senai International Airport (Sultan Ismail International Airport)</p> <p>Accessibility to other parts of Malaysia via North-south Highway, which is about 10 kilometers from the Senai Airport Interchange by road.</p> <p>The subject properties are currently owner occupied</p> |
| Land Area | 37,656.00 square meters |

APPENDIX 4: VALUATION CERTIFICATES

MacReal

| | |
|--------------------------------------|---|
| Floor Area | Approximately 11,976.00 square meters. |
| Year of Completion | Circa 2013 |
| Occupancy | 70% |
| Master Plan Zoning (2014 Edition) | Industrial |
| Valuation Approach | Comparison Method |
| Caveats & Assumptions | This report is subject to and includes our Standard Caveats and Assumptions attached at the end of our full valuation report. |
| Date of Inspection/ Valuation | 21 st September 2017 |
| Market Value | RM25,300,000/- (Ringgit Malaysia : Twenty Five Million and Three Hundred Thousand Only) |

For and on behalf of
Macreal International (JB) Sdn. Bhd.



Wong Yee Leck
B.Sc (Estate Management),
Registered Valuer No. V 934
Branch Manager

No. PTD103251, Jalan Idaman 3/9,
Kawasan Perindustrian Desa Idaman, 81400 Senai,
Johor Darul Ta'zim, Malaysia

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

