

CIRCULAR DATED 10 AUGUST 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THIS CIRCULAR CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) OF CITYNEON HOLDINGS LIMITED 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 Cityneon Holdings Limited (the "Company"). If you are in any doubt as to any aspect of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company ("Shares"), you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

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



CITYNEON HOLDINGS LIMITED

(Company Registration Number: 199903628E)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by



DBS BANK LTD.

for and on behalf of

LUCRUM 1 INVESTMENT LIMITED

(Incorporated in the British Virgin Islands with limited liability)

to acquire all of the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by Lucrum 1 Investment Limited and parties acting or deemed to be acting in concert with it

Independent Financial Adviser to the Independent Directors in respect of the Offer



RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. ON 29 AUGUST 2017. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER PRICE.

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DEFINITIONS

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

“ Acquisition ”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“ acting in concert ”	:	Has the meaning ascribed to it under the Code and references to “ concert parties ” shall be construed accordingly
“ Board ” or “ Directors ”	:	The directors of the Company as at the Latest Practicable Date
“ Business Day(s) ”	:	A day on which banks in Singapore are open for business in Singapore, other than a Saturday, Sunday or public holiday
“ CDP ”	:	The Central Depository (Pte) Limited
“ Circular ”	:	This Circular to Shareholders dated 10 August 2017 issued by the Company to Shareholders containing, amongst other things, the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors in respect of the Offer
“ Closing Date ”	:	5.30 p.m. on 29 August 2017, being the last day for the lodgement of acceptances of the Offer
“ Code ”	:	The Singapore Code on Take-overs and Mergers
“ Company ”	:	Cityneon Holdings Limited
“ Companies Act ”	:	The Companies Act of Singapore (Chapter 50), as amended or modified from time to time
“ Completion ”	:	Completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the SPA, which took place on 17 July 2017
“ Completion Announcement ”	:	The announcement made by DBS for and on behalf of the Offeror on 17 July 2017 in relation to, <i>inter alia</i> , Completion and the Offer
“ Completion Date ”	:	17 July 2017, the day on which Completion took place
“ Consideration ”	:	The total consideration for the Sale Shares, being the sum of S\$115,612,731
“ Constitution ”	:	The constitution of the Company
“ CPF ”	:	The Central Provident Fund
“ 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
“ DBS ” or “ DBS Bank ”	:	DBS Bank Ltd., the financial adviser to the Offeror

DEFINITIONS

“ FAA ”	: Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP
“ FAT ”	: Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP and are registered in the name of such Shareholders in the Register of Members of the Company
“ FY ”	: Financial year ended or ending 31 December
“ Group ”	: The Company and its subsidiaries
“ IFA ” or “ RHTC ”	: RHT Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Offer
“ IFA Letter ”	: Has the meaning ascribed to it in Section 7 of this Circular
“ Independent Directors ”	: The Directors who are considered independent under the Code for the purposes of making the recommendation to the Shareholders in respect of the Offer, being Dato’ Fu Ah Kiow @ Oh (Fu) Soon Guan, Datuk Seri Wong Chun Wai, Ragesh Rajendran, Ng Fook Ai Victor, Datuk Roger Tan Kor Mee, Dato’ Lee Yeow Chor @ Lee Yew Meng and Tang Nai Soon
“ Independent Shareholders ”	: The Shareholders other than the Offeror, their ultimate beneficial owners and parties acting in concert with any of them
“ Latest Practicable Date ”	: 7 August 2017, being the latest practicable date prior to the printing of this Circular
“ Listing Manual ”	: The listing manual of the Main Board of the SGX-ST
“ Market Day ”	: A day on which the SGX-ST is open for trading in securities
“ Massive Right ”	: Massive Right Investments Limited
“ Mutual Power ”	: Mutual Power International Limited
“ Offer ”	: The mandatory unconditional cash offer made by DBS for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as may amended, revised and extended from time to time by the Offeror
“ Offer Document ”	: The document dated 1 August 2017 issued by DBS, for and on behalf of the Offeror, in respect of the Offer, together with the FAA and FAT and any other document(s) which may be issued by the Offeror to amend, update, revise or supplement such offer document(s) from time to time
“ Offer Period ”	: The period from the date of the Pre-Conditional Offer Announcements until the date the Offer is declared to have closed or lapsed.

DEFINITIONS

“Offer Price”	: S\$0.900 in cash for each Offer Share
“Offer Shares”	: All the Shares to which the Offer relates
“Offeror”	: Lucrum 1 Investment Limited, a company incorporated in the British Virgin Islands
“Overseas Shareholders”	: Shareholders whose addresses are outside Singapore as shown in the records of the CDP or in the register of members of the Company kept by the Share Registrar
“PAT”	: The audited consolidated profit after income tax (after deducting for the non-controlling interests’ shares of the profits) for the relevant financial year, before payment of the performance bonus to Ron Tan and excluding any gains or losses arising from extraordinary and exceptional items of the Group
“Philadelphia or “PIL”	: Philadelphia Investments Ltd., a company incorporated in the British Virgin Islands which is wholly-owned by Ron Tan
“Pre-Condition”	: Approval by the shareholders of Star Media, the holding company of the Vendor, of, among others, the Acquisition
“Pre-Conditional Offer Announcements”	: The announcements released by Offeror and the Company respectively on the SGX-ST on 12 May 2017 in relation to, <i>inter alia</i> , the entry by the Vendor and the Offeror into the SPA and the possible Offer to be made by the Offeror
“related corporations”	: Shall have the meaning ascribed to it in the Singapore Companies Act
“Remuneration Committee”	: The remuneration committee of the Company, comprising Tang Nai Soon, Dato’ Fu Ah Kiow @ Oh (Fu) Soon Guan and Datuk Roger Tan Kor Mee
“Ron Tan”	: Tan Aik Ti, Ron, the executive Director, Group chief executive officer and controlling shareholder deemed interested in approximately 68.86% of the total issued Shares of the Company as at the Latest Practicable Date
“Sale Shares”	: An aggregate of 128,458,590 Shares acquired by the Offeror from the Vendor on the Completion Date pursuant to the SPA, representing approximately 52.51% of the total issued Shares of the Company as at the Latest Practicable Date
“Securities Account”	: A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SFA”	: The Securities and Futures Act of Singapore (Chapter 289), as amended or modified from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Registrar”	: B.A.C.S. Private Limited

DEFINITIONS

“Shareholders”	: Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares, and the term “Shareholder” shall be construed accordingly
“Shares”	: Ordinary shares in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares and the term “Share” shall be construed accordingly
“SIC”	: Securities Industry Council of Singapore
“SPA”	: The sale and purchase agreement dated 12 May 2017 entered into between the Vendor and the Offeror for the sale and purchase of the Sale Shares
“SRS”	: The Supplementary Retirement Scheme
“SRS Agent Banks”	: Agent banks included under the SRS
“SRS Investors ”	: Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Star Media”	: Star Media Group Berhad, a company incorporated in Malaysia and listed on the Bursa Malaysia Securities Berhad
“subsidiary”	: Has the meaning ascribed to it under the Companies Act
“Vendor”	: Laviani Pte. Ltd., a company incorporated in Singapore which is wholly-owned by Star Media
“VHE”	: Victory Hill Exhibitions Pte. Ltd., a wholly-owned subsidiary of the Company
“S\$”	: Singapore dollars, being the lawful currency of Singapore
“US\$”	: United States dollars, the lawful currency of the United States of America
“%” or “per cent.”	: Percentage or per centum

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

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

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

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, totals or sub-totals shown, as the case may be, may not be an arithmetic aggregation of the figures that precede them.

DEFINITIONS

Sections. Any reference in this Circular to a section is a reference to a section of this Circular, unless otherwise stated.

Shareholders. References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders (including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST).

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

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

Statements which are reproduced in their entirety from the Offer Document and the IFA Letter are set out in this Circular 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 and the IFA Letter respectively.

CAUTIONARY NOTES 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 “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 or the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company and the Offeror assumes no obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws, regulations, the Listing Manual and/or the directions of any other regulatory or supervisory body or agency.

SUMMARY TIMETABLE

Date of despatch of the Offer Document	:	1 August 2017
Date of despatch of this Circular	:	10 August 2017
Closing Date	:	5.30 p.m. on 29 August 2017, being the last day for the lodgement of acceptances for the Offer
Date of settlement of consideration for valid acceptances of the Offer	:	In respect of valid and complete acceptances received before the Closing Date, within seven Business Days after the receipt of such acceptances

LETTER FROM THE BOARD TO SHAREHOLDERS

CITYNEON HOLDINGS LIMITED

(Company Registration Number 199903628E)
(Incorporated in the Republic of Singapore)

Directors:

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan *(Non-Executive Chairman)*
Tan Aik Ti, Ron *(Executive Director and
Group Chief Executive Officer)*
Datuk Seri Wong Chun Wai *(Non-Executive Director)*
Ragesh Rajendran *(Alternate Director to
Datuk Seri Wong Chun Wai)*
Ng Fook Ai Victor *(Non-Executive Director)*
Datuk Roger Tan Kor Mee *(Independent Director)*
Dato' Lee Yeow Chor @ Lee Yew Meng *(Independent Director)*
Tang Nai Soon *(Independent Director)*

Registered Office:

84 Genting Lane
#06-01
Cityneon Design Centre
Singapore 349584

10 August 2017

To: **The Shareholders**

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY DBS BANK LTD. FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE THE OFFER SHARES

1. INTRODUCTION

1.1. Pre-Conditional Offer Announcements

As stated in the Pre-Conditional Offer Announcements, the Offeror had, on 12 May 2017, entered into a conditional SPA with the Vendor, pursuant to which the Vendor had conditionally agreed to sell and the Offeror had conditionally agreed to purchase an aggregate of 128,458,590 Sale Shares, representing approximately 52.51% of the total issued Shares of the Company as at the Latest Practicable Date. The Consideration for the Sale Shares is S\$115,612,731, which is equivalent to S\$0.900 per Sale Share (the "**Acquisition**").

As stated in the Completion Announcement, Completion took place on 17 July 2017. Immediately upon Completion, the Offeror and parties acting in concert with it owned a total of 168,458,590 Shares, representing approximately 68.86% of the total issued Shares in the capital of the Company.

In accordance with Section 139 of the SFA and Rule 14 of the Code, DBS has on behalf of the Offeror made the Offer for the Offer Shares in Singapore, on the terms set out in the Offer Document.

Copies of the aforementioned announcements are available on the website of the SGX-ST at www.sgx.com.

1.2. Independent Directors

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan, Datuk Seri Wong Chun Wai, Ragesh Rajendran (Alternate Director to Datuk Seri Wong Chun Wai), Ng Fook Ai Victor, Datuk Roger Tan Kor Mee, Dato' Lee Yeow Chor @ Lee Yew Meng and Tang Nai Soon, are independent for the purpose of the Offer and are required to make a recommendation to the Independent Shareholders in respect of the Offer under the Code. The SIC has ruled on 15 June 2017 that Ron Tan is exempted from the requirement to make a recommendation to the Independent Shareholders on the Offer as Ron Tan faces an irreconcilable conflict of interest in doing so, being a concert party of the Offeror.

LETTER FROM THE BOARD TO SHAREHOLDERS

1.3. Offer Document

Shareholders should have by now received a copy of the Offer Document despatched by the Offeror on 1 August 2017, setting out, *inter alia*, the Offer by the Offeror for the Offer Shares, subject to the terms and conditions set out in 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.

1.4. RHTC

RHTC has been appointed by the Company as the independent financial adviser 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.

1.5. 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 and the advice of the IFA in respect of the Offer.

Shareholders should carefully consider the advice of the IFA to the Independent Directors set out in this Circular before deciding whether or not to accept the Offer.

If Shareholders are in any doubt in relation to this Circular or as to the action they should take, Shareholders should consult their 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, the Offeror has made the Offer to acquire all the Offer Shares. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

2.1. The Offer Terms

Paragraph 2.2 of the Offer Document state that the Offer is made on the following basis:

“FOR EACH OFFER SHARE: S\$0.900 IN CASH (THE “OFFER PRICE”)

The Offeror does not intend to revise the Offer Price and therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price.

The Offer Shares will be acquired:

- (i) fully paid;*
- (ii) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrances or conditions whatsoever (“Encumbrances”); and*
- (iii) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.*

LETTER FROM THE BOARD TO SHAREHOLDERS

If any dividend, or other distribution or return of capital is announced, declared, paid or made on or after the Pre-Conditional Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital."

2.2. Offer Shares

Paragraph 2.1 of the Offer Document states the following:

"The Offer will be extended on the same terms and conditions, to all Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with it as at the date of the Offer ("Offer Shares")."

2.3. Unconditional Offer

The Offer is unconditional in all respects.

2.4. No Convertible Securities

As at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares or confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares, and the Company has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are convertible or exchangeable into Shares or confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

2.5. Warranty

Paragraph 2.4 of the Offer Document states the following:

"Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from any Encumbrances and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date."

2.6. Duration of the Offer

Paragraph 2.5 of the Offer Document states the following:

"Pursuant to Rule 22.3 of the Code, except insofar as the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days after the date of posting of this Offer Document ("Despatch Date")."

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 29 August 2017. Notice is hereby given that the Offer will not be extended, revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 29 August 2017, save that such notice shall not be capable of being enforced in a competitive situation."

2.7. Further Details of the Offer

Further details of the Offer, including details on (i) the settlement of consideration for the Offer, (ii) the requirements relating to the announcement of the level of acceptances of the Offer, and (iii) the right of withdrawal of acceptances of the Offer, are set out in Appendix I to the Offer Document.

2.8. Procedures for Acceptance

The procedures for acceptance of the Offer are set out in Appendix I to the Offer Document.

LETTER FROM THE BOARD TO SHAREHOLDERS

2.9. Irrevocable Undertakings

Paragraph 8 of the Offer Document states the following:

- “8.1 As at the Announcement Date, Mr. Ron Tan had irrevocably and unconditionally undertaken to the Offeror that he shall, amongst others, either (a) accept or procure the acceptance of the Offer at the Offer Price, in respect of all the Shares held by him through Philadelphia and IGV 33 Investments Ltd. (the “Relevant Shares”), within seven (7) market days from the date of this Offer Document; or (b) sell all the Relevant Shares to the Offeror at the Offer Price after the Offer is announced (the “Undertaking to Sell”) (the “Irrevocable Undertaking”).
- 8.2 The Announcement had disclosed Mr. Ron Tan’s intention to sell all the Relevant Shares to the Offeror after the date of the Announcement but prior to the despatch of this Offer Document, pursuant to the Undertaking to Sell (the “Sale of Relevant Shares”).
- 8.3 Under Rule 11.2(b) of the Code, the Offeror and persons acting in concert with it must not sell any securities in the Company unless such intention is disclosed in this Offer Document and 24 hours’ advance notice by public announcement is given before the sale.
- 8.4 The Securities Industry Council had on 23 June 2017 confirmed that Rule 11.2(b) of the Code will not apply to the Sale of Relevant Shares by Mr. Ron Tan. The Offeror and Mr. Ron Tan should nonetheless comply with all disclosure requirements required of concert parties and associates in relation to the Sale of Relevant Shares.
- 8.5 The disclosure of Mr. Ron Tan’s intention to sell the Relevant Shares in the Announcement thus constituted 24 hours’ advance notice by public announcement to Shareholders.
- 8.6 Pursuant to the Undertaking to Sell, Mr. Ron Tan had on 19 July 2017 sold the Relevant Shares to the Offeror at the Offer Price (i.e. at a consideration of S\$0.900 for each Relevant Share), for settlement in cash consideration, not less than 24 hours from the time of the Announcement.”

3. ACQUISITION OF SHARES BY THE OFFEROR FROM THE VENDOR

The Company was informed by the Vendor that on 12 May 2017, the Vendor and the Offeror had entered into the SPA. Details of the SPA are set out below.

3.1. Consideration for the Sale Shares

The Consideration for the Sale Shares of S\$115,612,731, which is equivalent to S\$0.900 per Sale Share, was determined between the Offeror and the Vendor after arm’s length negotiations and is payable as follows:

- (a) The Offeror shall cause to be held in escrow a sum of US\$17,000,000 (“**Deposit Sum**”) to be paid into an account of Dentons Rodyk & Davidson LLP (“**Escrow Agent**”) maintained with Standard Chartered Bank Singapore (“**Deposit Account**”), in accordance with the terms and conditions of an escrow agreement entered into between the Offeror, the Vendor and the Escrow Agent (“**Escrow Agreement**”). Operation of the Deposit Account shall be in accordance with the terms and conditions of the Escrow Agreement;
- (b) The Deposit Sum shall be released to the Vendor by the Escrow Agent in accordance with the terms of the Escrow Agreement on the date falling three Business Days after the Pre-Condition is satisfied (or expressly waived by the Offeror, as the case may be) and the Offeror and the Vendor shall give joint instructions to the Escrow Agent in accordance with the terms of the Escrow Agreement; and
- (c) The Offeror shall pay to the Vendor the Consideration less the Deposit Sum (“**Balance Consideration**”), by the transfer of the Balance Consideration into a bank account designated by the Vendor and as notified in writing to the Offeror on Completion Date.

LETTER FROM THE BOARD TO SHAREHOLDERS

3.2. Other Material Terms

The material terms of the SPA include, *inter alia*:

- (a) The Deposit Sum shall be refunded to the Offeror in the event that the Pre-Condition is not fulfilled;
- (b) The Pre-Condition shall be fulfilled or waived by 31 October 2017;
- (c) In the event the SPA is terminated by the Vendor due to a default by the Offeror under the SPA, 20% of the Consideration shall be forfeited and retained by the Vendor and the remaining amount of the Deposit Sum, if any, shall be refunded to the Offeror. In the event that the amount received by the Vendor from the Escrow Agent is less than 20% of the Consideration, the Offeror shall pay to the Vendor the difference between the amount received by the Vendor from the Escrow Agent, and the 20% of the Consideration, within three Business Days from the day the amount is received by the Vendor;
- (d) Subject to evidence of payment of the Consideration (less the Deposit Sum) on the Completion Date, the Vendor shall procure and ensure the execution of board resolutions appointing a nominee of the Offeror as a director of the Company, provided always that the Offeror has informed the Vendor of its nominee within fourteen Business Days from the date of the SPA, and save that if such appointment is prohibited by the Code and/or the SIC, such appointment shall take place as soon as allowed under the Code and/or by the SIC; and
- (e) The Vendor undertakes to procure the execution by the Malaysian Chinese Association of an irrevocable undertaking pursuant to which it undertakes to vote, and to procure its nominee(s) and proxies (if any) to vote, all of its shares in the capital of Star Media in favour of the resolutions to be put forth to the shareholders of Star Media.

The Pre-Condition was fulfilled on 7 July 2017.

3.3. Completion

As stated in the Completion Announcement, Completion took place on 17 July 2017.

4. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

The information on the Offeror and its concert parties set out in italics below has been extracted from Paragraph 3 of the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

3.1 The Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands. The Offeror is a special purpose vehicle for the purpose of making the Offer.

The shareholders of the Offeror ("Offeror Shareholders") are Massive Right, a company incorporated in the British Virgin Islands, Philadelphia, a company incorporated in the British Virgin Islands, and Mutual Power, a company incorporated in Hong Kong, which own 76.0%, 15.5% and 8.5% of the Offeror respectively ("Pro Rata Share").

3.2 Massive Right

Massive Right is an investment holding company. The sole ordinary shareholder and director of Massive Right is Mr. Geng Zhihua. Mr. Geng Zhihua founded Massive Right in 2015 to invest in high growth potential companies. He has many years of experience in investment, including but not limited to private equity, securities and futures investments. Mr. Geng Zhihua holds 100.0% of the voting interests in Massive Right.

LETTER FROM THE BOARD TO SHAREHOLDERS

On 13 April 2017, Massive Right entered into two (2) non-voting redeemable preference share subscription agreements with Hua Yuan Fund Limited and He Jun Fund Limited for US\$99,700,000 in principal amount of Series A preference shares and US\$99,300,000 in principal amount of Series B preference shares, respectively. Hua Yuan Fund Limited and He Jun Fund Limited, as the holders of the Series A and Series B preference shares, do not have any voting rights (save for adverse change to terms, reduction of capital or winding up) or the right to appoint any directors in Massive Right. Hua Yuan Fund Limited and He Jun Fund Limited are exempt companies incorporated in the Cayman Islands.

3.3 Philadelphia

Philadelphia is a special purpose vehicle held solely by Mr. Ron Tan. Mr. Ron Tan is a director and chief executive officer of the Company. The sole director of Philadelphia is Mr. Ron Tan.

3.4 Mutual Power

Mutual Power is a special purpose vehicle held solely by Jumpwide Limited. Jumpwide Limited is a wholly-owned subsidiary of Jin Bao Bao Holdings Limited, a company listed on the Hong Kong Stock Exchange. The sole director of Mutual Power is Mrs. Ngai Mei, a nominee of Jin Bao Bao Holdings Limited. Jin Bao Bao Holdings Limited is currently principally engaged in (a) the design, manufacture and sale of packaging products and structural components in the People's Republic of China, (b) the provision of corporate secretarial and consultancy services, and (c) property investment.

3.5 Financial Investors

Massive Right and Mutual Power (collectively, the "Financial Investors") are independent third parties, who are financial investors for the purposes of the Offer. Massive Right and Mutual Power were introduced to Mr. Ron Tan by ZHJ Capital Limited. ZHJ Capital Limited is a Hong Kong-based investment management and financial services firm specialising in the media, entertainment and sports industries.

3.6 Aggregate Existing Holding

Details of the shareholdings of the Offeror and its Concert Parties are disclosed in Section 7 of this Offer Document.

3.7 Additional Information on the Offeror

Please refer to Appendix II to this Offer Document for additional information on the Offeror.

3.8 Shareholders' Agreement

Each of the Offeror Shareholders has entered into the Shareholders' Agreement to govern their relationship in the Offeror. The salient terms of the Shareholders' Agreement are as follows:

- (a) For the purposes of enabling the Offeror to undertake the acquisition of the Sale Shares and the Offer, each Offeror Shareholder shall provide an individual loan without interest to the Offeror (collectively, the "Shareholders' Loans") according to their Pro Rata Share, for a total of S\$154,838,709.
- (b) Immediately upon signing of the Shareholders' Agreement, Massive Right shall provide part of its Pro Rata Share in the sum of US\$17,000,500 to the Offeror which shall be used by the Offeror to pay the deposit sum of US\$17,000,000 to the Vendor pursuant to the Share Purchase Agreement, and related bank charges. On or before Completion, each of the Offeror Shareholders shall contribute its respective Pro Rata Share of the Shareholders' Loans to the Offeror (other than the sum of US\$17,000,500 deducted from the amount of contribution payable by Massive Right). As at the Latest Practicable Date, these obligations have been fulfilled by Massive Right and the respective Offeror Shareholders, respectively.

LETTER FROM THE BOARD TO SHAREHOLDERS

- (c) *The quorum for any shareholders' meeting of the Offeror shall be all three (3) Offeror Shareholders. Each share in the Offeror ("Offeror Share") held by an Offeror Shareholder is entitled to one (1) vote.*
- (d) *Certain specified reserved matters of the Offeror shall require the affirmative votes of all Offeror Shareholders, including (i) the undertaking of any business other than the acquisition and holding of Shares in the Company, (ii) creating or issuing any equity securities and (iii) the entry into any partnership or profit sharing agreement.*
- (e) *The number of directors constituting the board of the Offeror ("Offeror Board") shall be three (3), with one (1) nominee appointed by each of Philadelphia, Mutual Power and Massive Right respectively.*
- (f) *All meetings of the Offeror Board shall require a quorum of at least two (2) directors. At any board meeting, each director may exercise one (1) vote.*
- (g) *For additional funding needs of the Offeror, the Offeror Shareholders shall first use commercially reasonable efforts to seek external financing from third parties, and to the extent additional funding needs are not satisfied through external financing, each Offeror Shareholder shall contribute its Pro Rata Share of the capital required to satisfy such funding needs of the Offeror pursuant to terms and within the time frame determined by the Offeror Board.*
- (h) *In the case of any proposed issuances of equity securities by the Offeror, each of the Offeror Shareholders shall have the right (but not the obligation) to subscribe for its Pro Rata Share of any such equity securities, and the Offeror shall not issue any such equity securities unless the Offeror has made an offer to each Offeror Shareholder in accordance with the Shareholders' Agreement.*
- (i) *If any Offeror Shareholder proposes to transfer any Offeror Shares held by it to any third party purchaser, such transferring shareholder shall give notice to the other Offeror Shareholders, who shall have the right of first refusal to purchase all the relevant shares at the price stated in the offer notice, upon the terms no less favourable than those specified in the offer notice."*

5. RATIONALE FOR THE OFFER AND OFFEROR'S INTENTIONS RELATING TO THE COMPANY AND ITS EMPLOYEES

The full text of the rationale for the Offer has been extracted from Paragraph 5 of the Offer Document and is set out in italics 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 extract below carefully.**

"Through the Acquisition, Mr. Ron Tan, with the support of the Financial Investors, had acquired the Shares of the Vendor by way of a management buy-out exercise. After the Offer, Mr. Ron Tan will be able to more effectively influence the strategy, expansion and future direction of the Company through the Offeror and with the support of the Financial Investors.

As set out in Section 1 of this Offer Document, given the fulfilment of the Pre-Condition and Completion, in accordance with Section 139 of the Securities and Futures Act and Rule 14 of the Code, the Offeror is required to make the Offer.

The Offeror presently has no intention to: (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of the employees of the Company, save in the ordinary course of business. However, the directors of the Offeror retain the flexibility at any time to consider any options in relation to the Company which may present themselves and which they may regard to be in the interests of the Offeror."

LETTER FROM THE BOARD TO SHAREHOLDERS

6. COMPULSORY ACQUISITION AND LISTING STATUS

Paragraph 9 of the Offer Document states the following:

“9.1 Listing status and trading suspension

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its concert parties to above 90% of the total number of Shares (excluding any Shares held in treasury), 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 Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding any Shares held in treasury) 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 states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding any Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. However, in the event the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.

9.2 No compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event the Offeror receives valid acceptances pursuant to the Offer or acquires Offer Shares from the date of despatch of this Offer Document otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of this Offer Document, including the Sale Shares purchased from the Vendor under the Share Purchase Agreement), the Offeror would have the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “Dissenting Shareholders”) at the Offer Price.

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. Accordingly, the Offeror does not intend to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act in the event that it receives acceptances pursuant to the Offer representing 90% or more of the Offer Shares. However, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Please refer to Section 9.1 above on the Offeror’s intentions in relation to the listing status of the Company on the SGX-ST.

LETTER FROM THE BOARD TO SHAREHOLDERS

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and their respective nominees acquire, such number of Shares pursuant to the Offer, which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares. Such Shareholders who wish to exercise such rights are advised to seek their own independent professional advice.”

7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

RHTC has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer. Shareholders should read RHTC’s advice set out in its letter dated 10 August 2017 as set out in **Appendix I** to this Circular (“**IFA Letter**”) in its entirety and consider carefully the recommendation of the Independent Directors and the advice of RHTC to the Independent Directors before deciding whether accept or reject the Offer.

As set out in the IFA Letter, RHTC has made certain recommendations to the Independent Directors, an extract of which is set out below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

“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 not fair and not reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders REJECT the Offer. If Shareholders wish to realise their investments in the Company, they can choose to sell their Shares in the open market if they obtain a price higher than the Offer Price (after deducting transaction costs).

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 reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10.0%.”

8. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the advice given by RHTC to the Independent Directors in the IFA Letter, **CONCUR** with the advice of RHTC in respect of the Offer. Accordingly, the Independent Directors, recommend that Shareholders **REJECT** the Offer.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX I TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER, AS THE CASE MAY BE. SHAREHOLDERS SHOULD NOTE THAT THE ADVICE OF RHTC AND THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS SHOULD NOT BE RELIED ON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER, AS THE CASE MAY BE.

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

LETTER FROM THE BOARD 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, solicitor, accountant, tax adviser or other professional adviser immediately.

9. ACTION TO BE TAKEN BY THE SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. on 29 August 2017**. Shareholders who wish to accept the Offer should refer to Appendix I to the Offer Document which sets out the procedures for acceptance of the Offer.

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

10. OVERSEAS SHAREHOLDERS

10.1. Overseas Shareholders

Shareholders whose addresses are outside Singapore as shown in the Register of Members of the Company or, as the case may be, in the records of CDP should refer to Paragraph 11 of the Offer Document, the full text of which is set out in italics below.

“11.1 The availability of the Offer to Shareholders whose mailing addresses are outside Singapore, as shown in the Register of Members or, as the case may be, in the records of CDP (each, an “Overseas Shareholder”) may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, any Overseas Shareholder should inform himself of, and observe, any applicable legal requirements. Where there are potential restrictions on sending this Offer Document, the FAAs and/or the FATs to any overseas jurisdiction, the Offeror, DBS Bank and CDP each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom this Offer Document, the FAAs and/or the FATs have not been, or will not be, sent.

11.2 The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions in which this Offer Document is released, published or distributed should inform themselves of and observe such restriction.

11.3 Copies of this Offer Document and any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (“Restricted Jurisdiction”) and the Offer will not be made to, nor will the Offer be capable of acceptance by, any person within any Restricted Jurisdiction if the offer to and/or acceptance by such person will violate the laws of the Restricted Jurisdiction. Persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

11.4 This Offer Document does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any securities, nor is it a solicitation of any vote or approval, in any jurisdiction in which such offer or solicitation is, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable laws. The Offer will be made solely on the basis of this Offer Document, FAAs and FATs, which contain the full terms and conditions of the Offer, including details on how the Offer may be accepted. For the avoidance of doubt, the Offer will be open to all Shareholders other than the Offeror and parties acting or deemed to be acting in concert with it, including those to whom the Offer Document and relevant form(s) of acceptance may not be sent.

LETTER FROM THE BOARD TO SHAREHOLDERS

- 11.5 *The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.*
- 11.6 *Subject to compliance with applicable laws, an Overseas Shareholder may, nonetheless, obtain copies of this Offer Document, relevant acceptance forms and any related documents during normal business hours and up to the Closing Date, from the Share Registrar, at its office located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 (if he is not a Depositor), or the CDP, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 (if he is a Depositor). Alternatively, an Overseas Shareholder may write in to the Share Registrar (if he is not a Depositor) or the CDP (if he is a Depositor) at the addresses listed above to request for this Offer Document, relevant acceptance forms and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to five (5) Market Days prior to the Closing Date.*
- 11.7 *It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAAs, the FATs and/or any related documents, and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including DBS Bank) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including DBS Bank) may be required to pay. In (i) requesting for this Offer Document, the FAAs, the FATs and/or any related documents and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and DBS Bank 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. Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.*
- 11.8 *The Offeror and DBS Bank each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST and if necessary, by 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 to receive or see such announcement or advertisement."*

10.2. Copies of Circular

This Circular may not be sent to any Overseas Shareholder due to potential restrictions on sending such circulars to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nonetheless, obtain copies of this Circular during normal business hours and up to the Closing Date, from the office of the Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, or make a request to the Share Registrar for this Circular 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 the date falling five Market Days prior to the Closing Date.

LETTER FROM THE BOARD TO SHAREHOLDERS

11. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. 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.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors who accept the Offer will receive the payment of the Offer Price for their Offer Shares in their CPF investment accounts and SRS investment accounts.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of this Circular) jointly and severally accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate and have been arrived at after due and careful consideration, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where any information in this Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including but not limited to the IFA Letter, the Offer Document or other information relating to the Offeror), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

The recommendation of the Independent Directors set out in **Section 8** of this Circular is the sole responsibility of the Independent Directors. In respect of the IFA Letter, the sole responsibility of the Independent Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

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. In this connection, a summary of the Group's audited financial information for FY2014, FY2015 and FY2016 are reproduced in **Appendix IV** to this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
CITYNEON HOLDINGS LIMITED

DATO' FU AH KIW @ OH (FU) SOON GUAN
NON-EXECUTIVE CHAIRMAN

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

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

10 August 2017

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

Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	(Non-Executive Chairman)
Datuk Seri Wong Chun Wai	(Non-Executive Director)
Mr Ragesh Rajendran	(Alternate Director to Datuk Seri Wong Chun Wai)
Mr Ng Fook Ai Victor	(Non-Executive Director)
Datuk Roger Tan Kor Mee	(Independent Director)
Dato' Lee Yeow Chor @ Lee Yew Meng	(Independent Director)
Mr Tang Nai Soon	(Independent Director)

Dear Sirs,

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

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 10 August 2017 (“Circular”) issued by the Company to the shareholders of the Company (“Shareholders”) shall have the same meaning herein.

1. INTRODUCTION

On 12 May 2017 (“**Pre-Conditional Offer Announcement Date**”), Lucrum 1 Investment Limited (“**Offeror**”) announced (“**Pre-Conditional Offer Announcement**”) that, the Offeror had, on the same day, entered into a conditional share purchase agreement (“**Share Purchase Agreement**”) with Laviani Pte. Ltd. (“**Vendor**”) for the sale by the Vendor and purchase by the Offeror of 128,458,590 Shares (“**Sale Shares**”), representing approximately 52.5% of the issued and paid up share capital of Cityneon Holdings Limited (“**Company**”) (“**Acquisition**”). The aggregate consideration payable for the Sale Shares is S\$115,612,731 in cash, being S\$0.90 in cash for each Sale Share (“**Consideration**”).

The Share Purchase Agreement was subject to the approval by the shareholders of Star Media Group Berhad (“**Star Media**”) at an extraordinary general meeting to be convened by Star Media (“**Star Media EGM**”) for, among others, the Acquisition (“**Pre-Condition**”). The Vendor is a wholly owned subsidiary of Star Media.

Upon the fulfilment of the Pre-Condition and the completion of the Acquisition, in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”), the Offeror was required and intended, on the completion of the Acquisition, to make a mandatory general cash offer (“**Offer**”) for all the issued and paid up ordinary shares (“**Shares**”) in the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with it (“**Offer Shares**”).

On 7 July 2017, the Company announced that, based on an announcement released by Star Media to Bursa Malaysia dated 7 July 2017 in relation to the results of the Star Media EGM for the Acquisition, the Pre-Condition had been fulfilled.

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

On 17 July 2017 (“**Offer Announcement Date**”), DBS Bank Ltd. (“**DBS Bank**”) announced that, for and on behalf of the Offer, that the Offeror had on 17 July 2017 completed the purchase from the Vendor of the Sale Shares at S\$0.90 for each Sale Share pursuant to the Share Purchase Agreement.

As a result of the completion of the Acquisition, DBS Bank, for and on behalf of the Offeror, announced that the Offeror would, in accordance with Section 139 of the Securities and Futures Act (Chapter 289) of Singapore and Rule 14 of the Code, make the Offer for the Offer Shares (“**Offer Announcement**”). As at the Offer Announcement Date, the Offeror owned or controlled in aggregate 128,458,590 Shares, representing approximately 52.5% of the total number of Shares.

The Offeror is an investment holding company incorporated in the British Virgin Islands. The Offeror is a special purpose vehicle for the purpose of making the Offer. The shareholders of the Offeror are (i) Massive Right Investments Limited (“**Massive Right**”), a company incorporated in the British Virgin Islands; (ii) Philadelphia Investments Ltd. (“**Philadelphia**”), a company incorporated in the British Virgin Islands; and (iii) Mutual Power International Limited (“**Mutual Power**”), a company incorporated in Hong Kong, which own 76.0%, 15.5% and 8.5% of the Offeror respectively.

Massive Right is an investment holding company. The sole ordinary shareholder and director of Massive Right is Mr Geng Zhihua. Mr Geng Zhihua founded Massive Right in 2015 to invest in high growth potential companies. He has many years of experience in investment, including but not limited to private equity, securities and futures investments. Mr Geng Zhihua holds 100.0% of the voting interests in Massive Right.

On 13 April 2017, Massive Right entered into two (2) non-voting redeemable preference share subscription agreements with Hua Yuan Fund Limited and He Jun Fund Limited for US\$99.7 million in principal amount of Series A preference shares and US\$99.3 million in principal amount of Series B preference shares, respectively. Hua Yuan Fund Limited and He Jun Fund Limited, as the holders of the Series A and Series B preference shares, do not have any voting rights (save for adverse change to terms, reduction of capital or winding up) or the right to appoint any directors in Massive Right. Hua Yuan Fund Limited and He Jun Fund Limited are exempt companies incorporated in the Cayman Islands.

Philadelphia is a special purpose vehicle held solely by Mr Ron Tan. Mr Ron Tan is a director and the chief executive officer (“**CEO**”) of the Company, and held 40.0 million Shares, representing approximately 16.3% of the issued and paid-up share capital of the Company, through Philadelphia and IGV 33 Investments Ltd.. The sole director of Philadelphia is Mr Ron Tan.

Mutual Power is a special purpose vehicle held solely by Jumpwide Limited. Jumpwide Limited is a wholly-owned subsidiary of Jin Bao Bao Holdings Limited, a company listed on the Hong Kong Stock Exchange. The sole director of Mutual Power is Mrs Ngai Mei, a nominee of Jin Bao Bao Holdings Limited. Jin Bao Bao Holdings Limited is currently principally engaged in: (a) the design, manufacture and sale of packaging products and structural components in the People’s Republic of China (“**PRC**”); (b) the provision of corporate secretarial and consultancy services; and (c) property investment.

Massive Right and Mutual Power (collectively, “**Financial Investors**”) are independent third parties, who are financial investors for the purposes of the Offer. Massive Right and Mutual Power were introduced to Mr Ron Tan by ZHJ Capital Limited. ZHJ Capital Limited is a Hong Kong-based investment management and financial services firm specialising in the media, entertainment and sports industries.

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

As at the Offer Announcement Date, Mr Ron Tan, who owned 40.0 million Shares, representing approximately 16.3% of the total number of Shares, had irrevocably and unconditionally undertaken to the Offeror (“**Irrevocable Undertaking**”) that he would, amongst others, either: (a) accept or procure the acceptance of the Offer at the Offer Price, in respect of all the Shares held by him through Philadelphia and IGV 33 Investments Ltd. (“**Relevant Shares**”), within seven market days from the date of the Offer Document; or (b) sell all the Relevant Shares to the Offeror at the Offer Price after the Offer is announced.

Pursuant to the Irrevocable Undertaking, and as disclosed in the Offer Announcement, Mr Ron Tan had intended to sell the Relevant Shares to the Offeror after the Offer Announcement Date but prior to the despatch of the Offer Document. On 19 July 2017, DBS announced that Mr Ron Tan had sold the Relevant Shares to the Offeror, on the same date and at the Offer Price, for a total cash consideration of S\$36.0 million. Accordingly, as at 19 July 2017, the Offeror owned or controlled in aggregate 168,458,590 Shares or approximately 68.9% of the total number of Shares.

On 1 August 2017, the formal Offer was made by DBS, 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 1 August 2017 (“**Offer Document**”). The Offer Document and the Acceptance Forms were despatched to Shareholders on 1 August 2017.

As disclosed in the Offer Document, the Offeror owned or controlled in aggregate 168,458,590 Shares, representing approximately 68.9% of the total number of Shares.

In connection with the Offer, 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 (“**Independent Directors**”), for the purposes of making their recommendation to Shareholders in respect of the Offer.

Pursuant to the confirmations sought by the Company, the Securities Industry Council (“**SIC**”) had, on 15 June 2017, exempted Mr Ron Tan from the requirement to make a recommendation on the Offer to Shareholders, as he faces an irreconcilable conflict of interest in doing so, being a concert party of the Offeror. He must, however, as a director of the Company (“**Director**”) still assume responsibility for the accuracy of facts stated or opinions expressed in the documents and advertisements issued by, or on behalf of, the Company in connection with the Offer. The Company has confirmed to us that the remaining Directors, namely: Dato’ Fu Ah Kiow @ Oh (Fu) Soon Guan, Datuk Seri Wong Chun Wai, Mr Ragesh Rajendran, Mr Ng Fook Ai Victor, Datuk Roger Tan Kor Mee, Dato’ Lee Yeow Chor @ Lee Yew Meng, and Mr Tang Nai Soon are considered as Independent Directors for the purpose of the Offer.

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, our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Offer, and the recommendation of the Independent Directors and it is to be despatched to Shareholders in relation to the Offer.

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

2. TERMS OF REFERENCE

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

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 or on the future prospects of the Company and its subsidiaries (“**Group**”) or the method and terms by which the Offer is 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. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or its Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, 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 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 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). 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 have not been furnished with any such evaluation or appraisal. We have not relied on any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the Offer.

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

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 7 August 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 should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, 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 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, as set out in Section 9 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 formal offer for the Offer Shares, subject to the terms and conditions of the Offer as set out in the Offer Document. 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 as set out in the Offer Document carefully.

The key terms of the Offer are set out below for your reference.

3.1 Offer Shares

The Offer will be extended on the same terms and conditions, to all Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting or deemed to be acting in concert with it as at the date of the Offer.

3.2 Terms of the Offer

(a) The Offeror will make the Offer on the following basis:

FOR EACH OFFER SHARE: S\$0.900 IN CASH (“OFFER PRICE”)

The Offeror does not intend to revise the Offer Price and therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price.

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- (b) The Offer Shares will be acquired:
- (i) fully paid;
 - (ii) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrances or conditions whatsoever (“**Encumbrances**”); and
 - (iii) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.

If any dividend, or other distribution or return of capital is announced, declared, paid or made on or after the Pre-Conditional Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

3.3 Unconditional Offer

The Offer is unconditional in all respects. **Therefore, the Offer is not conditional upon the level of acceptances which the Offer may receive in respect of the Offer.**

3.4 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof: (a) fully paid; (b) free from any Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Pre-Conditional Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Pre-Conditional Offer Announcement Date.

3.5 Duration of the Offer

Pursuant to Rule 22.3 of the Code, except insofar as the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days after the date of posting of the Offer Document (“**Despatch Date**”).

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 29 August 2017. Notice was given in the Offer Document that the Offer will not be extended, revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 29 August 2017, save that such notice shall not be capable of being enforced in a competitive situation.

3.6 Further details of the Offer

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

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

4. INFORMATION ON THE OFFEROR

The information on the Offeror, as set out below in italics, has been extracted from Sections 3.1 to 3.8 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

3.1 The Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands. The Offeror is a special purpose vehicle for the purpose of making the Offer.

The shareholders of the Offeror (“Offeror Shareholders”) are Massive Right, a company incorporated in the British Virgin Islands, Philadelphia, a company incorporated in the British Virgin Islands, and Mutual Power, a company incorporated in Hong Kong, which own 76.0%, 15.5% and 8.5% of the Offeror respectively (“Pro Rata Share”).

3.2 Massive Right

Massive Right is an investment holding company. The sole ordinary shareholder and director of Massive Right is Mr. Geng Zhihua. Mr. Geng Zhihua founded Massive Right in 2015 to invest in high growth potential companies. He has many years of experience in investment, including but not limited to private equity, securities and futures investments. Mr. Geng Zhihua holds 100.0% of the voting interests in Massive Right.

On 13 April 2017, Massive Right entered into two (2) non-voting redeemable preference share subscription agreements with Hua Yuan Fund Limited and He Jun Fund Limited for US\$99,700,000 in principal amount of Series A preference shares and US\$99,300,000 in principal amount of Series B preference shares, respectively. Hua Yuan Fund Limited and He Jun Fund Limited, as the holders of the Series A and Series B preference shares, do not have any voting rights (save for adverse change to terms, reduction of capital or winding up) or the right to appoint any directors in Massive Right. Hua Yuan Fund Limited and He Jun Fund Limited are exempt companies incorporated in the Cayman Islands.

3.3 Philadelphia

Philadelphia is a special purpose vehicle held solely by Mr. Ron Tan. Mr. Ron Tan is a director and the chief executive officer of the Company. The sole director of Philadelphia is Mr. Ron Tan.

3.4 Mutual Power

Mutual Power is a special purpose vehicle held solely by Jumpwide Limited. Jumpwide Limited is a wholly-owned subsidiary of Jin Bao Bao Holdings Limited, a company listed on the Hong Kong Stock Exchange. The sole director of Mutual Power is Mrs. Ngai Mei, a nominee of Jin Bao Bao Holdings Limited. Jin Bao Bao Holdings Limited is currently principally engaged in (a) the design, manufacture and sale of packaging products and structural components in the People’s Republic of China, (b) the provision of corporate secretarial and consultancy services, and (c) property investment.

3.5 Financial Investors

Massive Right and Mutual Power (collectively, the “Financial Investors”) are independent third parties, who are financial investors for the purposes of the Offer. Massive Right and Mutual Power were introduced to Mr. Ron Tan by ZHJ Capital Limited. ZHJ Capital Limited is a Hong Kong-based investment management and financial services firm specialising in media, entertainment and sports industries.

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

3.6 **Aggregate Existing Holding**

Details of the shareholdings of the Offeror and its Concert Parties are disclosed in Section 7 of this Offer Document.

3.7 **Additional Information on the Offeror**

Please refer to Appendix II to this Offer Document for additional information on the Offeror.

3.8 **Shareholders' Agreement**

Each of the Offeror Shareholders has entered into the Shareholders' Agreement to govern their relationship in the Offeror. The salient terms of the Shareholders' Agreement are as follows:

- (a) *For the purposes of enabling the Offeror to undertake the acquisition of the Sale Shares and the Offer, each Offeror Shareholder shall provide an individual loan without interest to the Offeror (collectively, the "Shareholders' Loans") according to their Pro Rata Share, for a total of S\$154,838,709.*
- (b) *Immediately upon signing of the Shareholders' Agreement, Massive Right shall provide part of its Pro Rata Share in the sum of US\$17,000,500 to the Offeror which shall be used by the Offeror to pay the deposit sum of US\$17,000,000 to the Vendor pursuant to the Share Purchase Agreement, and related bank charges. On or before Completion, each of the Offeror Shareholders shall contribute its respective Pro Rata Share of the Shareholders' Loans to the Offeror (other than the sum of US\$17,000,500 deducted from the amount of contribution payable by Massive Right). As at the Latest Practicable Date, these obligations have been fulfilled by Massive Right and the respective Offeror Shareholders, respectively.*
- (c) *The quorum for any shareholders' meeting of the Offeror shall be all three (3) Offeror Shareholders. Each share in the Offeror ("Offeror Share") held by an Offeror Shareholder is entitled to one (1) vote.*
- (d) *Certain specified reserved matters of the Offeror shall require the affirmative votes of all Offeror Shareholders, including (i) the undertaking of any business other than the acquisition and holding of Shares in the Company, (ii) creating or issuing any equity securities and (iii) the entry into any partnership or profit sharing agreement.*
- (e) *The number of directors constituting the board of the Offeror ("Offeror Board") shall be three (3), with one (1) nominee appointed by each of Philadelphia, Mutual Power and Massive Right respectively.*
- (f) *All meetings of the Offeror Board shall require a quorum of at least two (2) directors. At any board meeting, each director may exercise one (1) vote.*
- (g) *For additional funding needs of the Offeror, the Offeror Shareholders shall first use commercially reasonable efforts to seek external financing from third parties, and to the extent additional funding needs are not satisfied through external financing, each Offeror Shareholder shall contribute its Pro Rata Share of the capital required to satisfy such funding needs of the Offeror pursuant to terms and within the time frame determined by the Offeror Board.*

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- (h) *In the case of any proposed issuances of equity securities by the Offeror, each of the Offeror Shareholders shall have the right (but not the obligation) to subscribe for its Pro Rata Share of any such equity securities, and the Offeror shall not issue any such equity securities unless the Offeror has made an offer to each Offeror Shareholder in accordance with the Shareholders' Agreement.*
- (i) *If any Offeror Shareholder proposes to transfer any Offeror Shares held by it to any third party purchaser, such transferring shareholder shall give notice to the other Offeror Shareholders, who shall have the right of first refusal to purchase all the relevant shares at the price stated in the offer notice, upon the terms no less favourable than those specified in the offer notice."*

5. INFORMATION ON THE COMPANY

The information on the Company, as set out below in italics, has been extracted from Section 4 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

"4. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore in 1999 and its shares have been quoted and traded on the SGX-ST since 7 December 2005, first on SGX Sesdaq, before transferring to the Main Board of the SGX-ST on 22 January 2008."

Implied market capitalisation

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 244,656,195 Shares. Based on the Offer Price of S\$0.90 per Share and the total number of issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$220.2 million.

Additional information on the Company is set out in Appendix III to the Offer Document and Appendix II to the Circular.

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6. IRREVOCABLE UNDERTAKING

The information on the Irrevocable Undertaking, as set out below in italics, has been extracted from Section 8 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“8. IRREVOCABLE UNDERTAKING

- 8.1** *As at the Announcement Date, Mr. Ron Tan had irrevocably and unconditionally undertaken to the Offeror that he shall, amongst others, either (a) accept or procure the acceptance of the Offer at the Offer Price, in respect of all the Shares held by him through Philadelphia and IGV 33 Investments Ltd. (the “**Relevant Shares**”), within seven (7) market days from the date of this Offer Document; or (b) sell all the Relevant Shares to the Offeror at the Offer Price after the Offer is announced (the “**Undertaking to Sell**”) (the “**Irrevocable Undertaking**”).*
- 8.2** *The Announcement had disclosed Mr. Ron Tan’s intention to sell all the Relevant Shares to the Offeror after the date of the Announcement but prior to the despatch of this Offer Document, pursuant to the Undertaking to Sell (the “**Sale of Relevant Shares**”).*
- 8.3** *Under Rule 11.2(b) of the Code, the Offeror and persons acting in concert with it must not sell any securities in the Company unless such intention is disclosed in this Offer Document and 24 hours’ advance notice by public announcement is given before the sale.*
- 8.4** *The Securities Industry Council had on 23 June 2017 confirmed that Rule 11.2(b) of the Code will not apply to the Sale of Relevant Shares by Mr. Ron Tan. The Offeror and Mr. Ron Tan should nonetheless comply with all disclosure requirements required of concert parties and associates in relation to the Sale of Relevant Shares.*
- 8.5** *The disclosure of Mr. Ron Tan’s intention to sell the Relevant Shares in the Announcement thus constituted 24 hours’ advance notice by public announcement to Shareholders.*
- 8.6** *Pursuant to the Undertaking to Sell, Mr. Ron Tan had on 19 July 2017 sold the Relevant Shares to the Offeror at the Offer Price (i.e. at a consideration of S\$0.900 for each Relevant Share), for settlement in cash consideration, not less than 24 hours from the time of the Announcement.”*

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

The full text of the rationale for the Offer has been extracted from Sections 5 and 9 of the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

"5. RATIONALE FOR THE OFFER AND OFFEROR'S INTENTION REGARDING THE COMPANY

Through the Acquisition, Mr. Ron Tan, with the support of the Financial Investors, had acquired the Shares of the Vendor by way of a management buy-out exercise. After the Offer, Mr. Ron Tan will be able to more effectively influence the strategy, expansion and future direction of the Company through the Offeror and with the support of the Financial Investors.

As set out in Section 1 of this Offer Document, given the fulfilment of the Pre-Condition and Completion, in accordance with Section 139 of the Securities and Futures Act and Rule 14 of the Code, the Offeror is required to make the Offer.

The Offeror presently has no intention to: (i) introduce any major changes to the business of the Company; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of the employees of the Company, save in the ordinary course of business. However, the directors of the Offeror retain the flexibility at any time to consider any options in relation to the Company which may present themselves and which they may regard to be in the interests of the Offeror."

"9. COMPULSORY ACQUISITION AND LISTING STATUS

9.1 Listing status and trading suspension

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its concert parties to above 90% of the total number of Shares (excluding any Shares held in treasury), 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 Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding any Shares held in treasury) 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 states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding any Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

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*It is the current intention of the Offeror to **maintain the listing status** of the Company on the SGX-ST. However, in the event the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. **Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.***

9.2 No compulsory acquisition

*Pursuant to Section 215(1) of the Companies Act, in the event the Offeror receives valid acceptances pursuant to the Offer or acquires Offer Shares from the date of despatch of this Offer Document otherwise than through valid acceptances of the Offer, in respect of not less than 90% of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of this Offer Document, including the Sale Shares purchased from the Vendor under the Share Purchase Agreement), the Offeror would have the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) at the Offer Price.*

*It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. **Accordingly, the Offeror does not intend to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act in the event that it receives acceptances pursuant to the Offer representing 90% or more of the Offer Shares.** However, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Please refer to Section 9.1 above on the Offeror’s intentions in relation to the listing status of the Company on the SGX-ST.*

*Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and their respective nominees acquire, such number of Shares pursuant to the Offer, which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares. **Such Shareholders who wish to exercise such rights are advised to seek their own independent professional advice.***

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8. 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:

- (a) Market quotation and trading liquidity of the Shares;
- (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 Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Catalist Board of the SGX-ST (“**SGX-Catalist**”) or other stock exchanges in Asia which are broadly comparable to the Group;
- (e) Comparison with recently completed mandatory general offers for companies listed on the SGX-ST or SGX-Catalist;
- (f) Analysts’ estimates and target prices for the Company;
- (g) Dividend track record of the Company; and
- (h) 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, ShareInvestor.com, 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.

8.1 Market quotation and trading liquidity of the Shares

We note that trading of the Shares was halted during trading hours on 5 May 2017. The trading halt was further extended till the close of the market on 12 May 2017, during which the Share Purchase Agreement was signed and the Pre-Conditional Offer Announcement was released. The trading halt was subsequently lifted following the release of the Pre-Conditional Offer Announcement.

We have therefore compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 6 May 2016, being approximately a 1-year period prior to the release of the Pre-Conditional Offer Announcement and up to the Latest Practicable Date (“**Period Under Review**”).

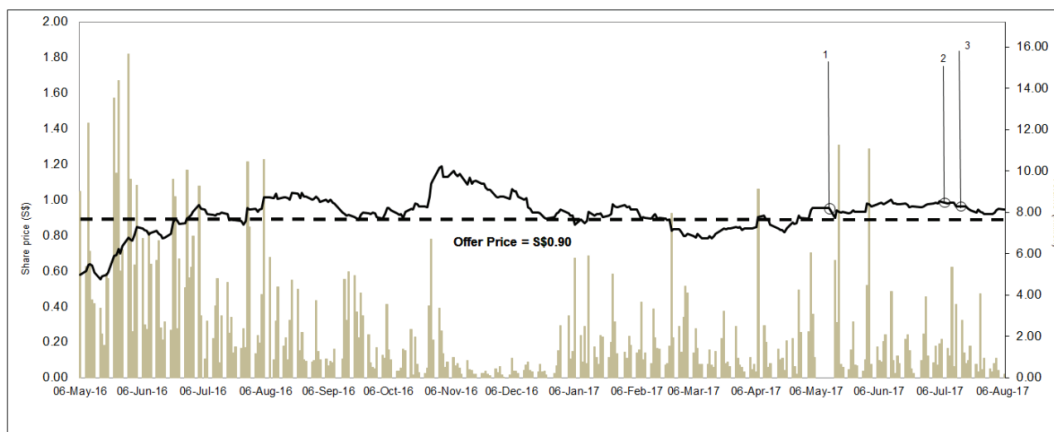
We noted that the Company had called for a trading halt on the Shares on 7 July 2017, being the date of the Star Media EGM. The trading halt was lifted following the release of the results of the Star Media EGM, which approved the disposal of the Sale Shares by the Vendor to the Offeror.

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Share price chart

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

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



Source: S&P Capital IQ

Notes:

- (1) 12 May 2017 – Release of the Pre-Conditional Offer Announcement.
- (2) 07 July 2017 – Fulfilment of the Pre-Condition.
- (3) 17 July 2017 – Release of the Offer Announcement.

From the share price chart above, we noted that the Shares have closed at or above the Offer Price on 150 traded days out of 253 market days during the 1-year period prior to the release of the Pre-Conditional Offer Announcement. The last traded Share price on 5 May 2017, prior to the release of the Pre-Conditional Offer Announcement, was S\$0.955.

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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 Pre-Conditional Announcement Date							
Last 1 month	0.960	0.805	0.8943	0.6	20	2,077	2.7
Last 3 months	0.965	0.770	0.8659	3.9	63	1,766	2.3
Last 6 months	1.180	0.770	0.8971	0.3	125	1,413	1.9
Last 1 year	1.210	0.550	0.8638	4.2	253	2,509	3.3
As at 5 May 2017, being the last traded day prior to the Pre-Conditional Announcement Date	0.960	0.940	0.9515	(5.4)	1	971	1.3
After the Pre-Conditional Announcement Date to the Offer Announcement Date							
After the Pre-Conditional Announcement Date and up to the Offer Announcement Date	1.015	0.890	0.9605	(6.3)	45	2,061	2.7
17 July 2017, Offer Announcement Date	0.985	0.965	0.9740	(7.6)	1	2,800	3.7
After the Offer Announcement Date to the Latest Practicable Date							
After the Offer Announcement Date and up to the Latest Practicable Date	0.985	0.910	0.9427	(5.0)	16	1,020	1.3
As at the Latest Practicable Date	0.945	0.940	0.9435	(4.6)	1	167	0.2

Source: *ShareInvestor.com*

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Shareinvestor.com.
- (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 76.2 million Shares representing approximately 31.1% of the issued Shares as disclosed in the Company's annual report for FY2016.

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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 discount of approximately 5.4% to the VWAP of the Shares of S\$0.9515 on 5 May 2017, being the day when the Shares were last traded prior to the release of the Pre-Conditional Offer Announcement.
- (b) Over the 1-year period prior to the release of the Pre-Conditional Offer Announcement, the Shares have traded between a low of S\$0.55 and a high of S\$1.21. The Offer Price represents a premium of S\$0.35 (or 63.6%) above the lowest transacted price and a discount of S\$0.31 (or 25.6%) to the highest transacted price of the Shares. As mentioned above, the Shares have closed at or above the Offer Price on 150 traded days out of 253 market days during the 1-year period prior to the release of the Pre-Conditional Offer Announcement.
- (c) The Offer Price represents a premium of approximately 0.6%, 3.9%, 0.3% and 4.2% above the VWAP of the Shares for 1-month, 3-month, 6-month and 1-year periods prior to the release of the Pre-Conditional Offer Announcement respectively.
- (d) For the period from the release of the Pre-Conditional Offer Announcement to the Offer Announcement Date, the Shares have traded between a low of S\$0.89 and a high of S\$1.015. The Offer Price represents a premium of S\$0.01 (or 1.1%) above the lowest transacted price and a discount of S\$0.115 (or 11.3%) to the highest transacted price of the Shares. The Shares have closed at or above the Offer Price on all 45 market days from the Pre-Conditional Offer Announcement Date to the Offer Announcement Date.
- (e) The Offer Price represents a discount of approximately 7.6% to the VWAP of the Shares of S\$0.9740 on 17 July 2017, being the Offer Announcement Date.
- (f) For the period from the release of the Offer Announcement Date to the Latest Practicable Date, the Shares have traded between a low of S\$0.91 and a high of S\$0.985. The Offer Price represents a discount of S\$0.01 (or 1.1%) to the lowest transacted price and a discount of S\$0.085 (or 8.6%) to the highest transacted price of the Shares. The Shares have closed at or above the Offer Price on all 16 market days from the Offer Announcement Date to the Latest Practicable Date.
- (g) The Offer Price represents a discount of approximately 4.6% to the VWAP of the Shares of S\$0.9435 on 7 August 2017, being the Latest Practicable Date.

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

- (i) Over the 1-year period prior to the release of the Pre-Conditional Announcement Date, the Shares were regularly traded throughout the period. 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 Pre-Conditional Announcement represent 2.7%, 2.3%, 1.9% and 3.3% of the free float of the Shares respectively.
- (ii) During the period following the release of the Pre-Conditional Announcement and up to the release of the Offer Announcement on 17 July 2017, the average daily trading volume on the Shares was approximately 2.06 million Shares, representing 2.7% of the free float of the Shares.
- (iii) 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 1.02 million Shares, representing 1.3% of the free float of the Shares.

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8.2 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 31 December (“FY”) 2014, 2015 and 2016. 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 in respect of the relevant financial periods including the notes thereto.

(\$'000)	Audited					
	FY2014	(%)	FY2015	(%)	FY2016	(%)
Revenue	78,017		96,488 ⁽¹⁾		96,752	
<i>Experiential environment (“EE”)</i>	16,250	20.8	21,730	22.5	18,759	19.4
<i>Interior architecture (“IA”)</i>	20,578	26.4	18,318	19.0	22,316	23.0
<i>Exhibitions (“EX”)</i>	26,433	33.9	27,106	28.1	29,662	30.7
<i>Events (“EV”)</i>	14,756	18.9	28,648	29.7	8,355	8.6
<i>Intellectual property rights (“IPR”)</i>	–	–	687	0.7	17,660	18.3
Gross Profit	22,077		23,300		33,322	
Other operating income	567		646		1,728	
Interest income	77		43		63	
Marketing and distribution costs	(831)		(1,159)		(2,103)	
Administrative and operating expenses	(19,032)		(21,641)		(24,923)	
Finance costs	(345)		(411)		(641)	
Share of results of associate, net of tax	–		16		(116)	
Profit before tax	2,513		794		7,329 ⁽¹⁾	
Income tax (expense) / credit	(198)		39		(720)	
Profit for the year	2,315		833		6,610	
Profit attributable to owners of the Company	2,345		871		6,681	

Source: Group’s audited financial statements for FY2014, FY2015 and FY2016

Note:

(1) Does not add due to rounding.

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FY2014 vs FY2015

The Group's revenue increased by S\$18.5 million or 23.7% from S\$78.0 million in FY2014 to S\$96.5 million in FY2015. The increase was mainly due to higher revenues achieved from the EV and EE business segments. In FY2015, the EV business segment delivered three major events, namely the SEA Games 2015, the Singapore 50th National Day Celebrations and the 8th ASEAN Para-Olympic Games which were held in Singapore, while the EE business segment delivered the Oman Pavilion at the World Expo held in Milan in 2015. Revenues from IPR business segment arising from the acquisition of Victory Hill Exhibitions Pte. Ltd. ("VHE") of S\$0.7 million also contributed to the increase in revenues.

Despite the large increase in revenues, gross profit only increased by S\$1.2 million or 5.4% from S\$22.1 million in FY2014 to S\$23.3 million in FY2015 mainly due to lower gross profit margins achieved from the mega projects undertaken by the Group in FY2015. Gross profit margin for FY2015 was 24.1% compared to 28.3% in FY2014.

Other operating income increased by S\$0.08 million mainly due to more government grants obtained in FY2015 compared to FY2014 while bank interest income reduced slightly by S\$0.03 million.

Marketing and distribution expenses increased by approximately S\$0.3 million with more costs incurred for marketing efforts put into the sourcing of new sales. Administrative and other operating expenses increased by S\$2.6 million from S\$19.0 million in FY2014 to S\$21.6 million in FY2015 mainly due to professional fees of approximately S\$1.2 million incurred in relation to the acquisition of VHE. Staff costs also increased by S\$0.3 million due to the acquisition of VHE. Increases in the insurance, legal, professional services fees, depreciation as well as the amortisation of the intangible assets contributed to the rise in administrative and operating expenses. Finance cost also increased by approximately S\$0.07 million due to higher cost of borrowings and usage of project financing.

For FY2015, there was a tax credit of S\$0.04 million compared to a tax expense of S\$0.2 million in FY2014. The tax credit arose due to reversal of excess tax overprovisions in previous years and deferred tax assets arose from tax allowable asset for future use.

After considering the one-time acquisition cost and some start-up cost for the IPR business acquired and as a result of the above, the Group recorded a profit after tax attributable to owners of the Company of approximately S\$0.9 million for FY2015, compared to a profit after tax attributable to owners of the Company of approximately S\$2.3 million for FY2014.

FY2015 vs FY2016

The Group's revenue for FY2016 remained relatively unchanged at S\$96.8 million compared to S\$96.5 million in FY2015.

Revenues from the EX business segment increased by S\$2.6 million or 9.4% mainly from the delivery of major shows such as Food & Hotel Asia 2016, CommunicAsia 2016, Bahrain International Air Show and COP22 in FY2016; revenues from the IA business segment increased by S\$4.0 million or 21.8% due to recognition of works completed; revenues from the newly acquired IPR business segment contributed S\$17.7 million in FY2016 compared to S\$0.7 million in FY2015. Revenue from the IPR business segment was generated mainly from both travelling and permanent exhibitions.

However, the increases were offset by the decreases in revenue contributions from the EE (decrease of S\$3.0 million or 13.7%) and EV (decrease of S\$20.3 million or 70.8%) business segments due to the absence of events that took place in FY2015 such as the SEA Games 2015, the Singapore 50th National Day Celebrations and the 8th ASEAN Para-Olympic Games.

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Despite the relatively unchanged revenue, gross profit increased by 43.0% from S\$23.3 million in FY2015 to S\$33.3 million in FY2016 mainly achieved by higher gross profit margins of 75.5% generated by the IPR business segment of the Group. The aggregate gross profit margins improved from 24.1% in FY2015 to 34.4% in FY2016. Other operating income increased by S\$1.1 million in FY2016 mainly due to higher trade payables written back and higher government grants obtained in FY2016.

Marketing and distribution expenses increased by approximately S\$0.9 million in FY2016 due to an increase in costs incurred by the IPR business segment to promote its business of S\$0.4 million and the one-off pre-opening marketing expenses in Las Vegas of S\$0.5 million. The Group's administrative and other operating expenses increased by S\$3.3 million or 15.3% from S\$21.6 million in FY2015 to S\$24.9 million in FY2016 due mainly to: (i) higher depreciation expenses for property, plant and equipment of S\$2.1 million; (ii) higher amortisation of intangible assets of S\$0.7 million; (iii) additional purchase considerations of approximately S\$0.6 million made to the vendor, pertaining to the acquisition of the IPR business segment; and (iv) salary in lieu of notice and associated expenses of S\$0.3 million.

Finance cost increased by approximately S\$0.2 million from S\$0.4 million in FY2015 to S\$0.6 million in FY2016 due to higher cost of borrowings and higher bank borrowings, while the Group recognised a share of loss from its associated company of S\$0.12 million compared to a share of profit of S\$0.02 million in FY2015.

In FY2016, tax expense of S\$0.72 million was recognised compared to the tax credit of S\$0.04 million in FY2015. The tax expenses were mainly due to higher profits generated by the IPR business segment.

As a result of the above, the Group recorded a profit after tax attributable to owners of the Company of approximately S\$6.7 million for FY2016, compared to a profit after tax attributable to owners of the Company of S\$0.9 million in FY2015.

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8.3 Financial position of the Group

A summary of the audited financial position of the Group as at 31 December 2016 is set out below:

(\$'000)	Audited As at 31 December 2016
<u>Non-current assets</u>	
Property, plant and equipment	43,437
Goodwill	2,935
Other intangible assets	6,955
Associate	260
Prepayments	496
<u>Current assets</u>	
Inventories	731
Amounts due from contract customers	12,715
Trade and other receivables	24,028
Deposits	729
Prepayments	3,958
Cash and cash equivalents	23,779
Total assets	120,023
<u>Non-current liabilities</u>	
Finance lease obligations	37
Deferred tax liabilities	809
<u>Current liabilities</u>	
Amounts due to contract customers	1,281
Finance lease obligations	24
Bank borrowings	24,717
Loan from ultimate holding company	3,500
Amounts owing to ultimate holding company	2
Trade and other payables	19,607
Income tax payables	437
Total liabilities	50,414
Total equity	69,609
(Less) Non-controlling interests	(313)
Equity attributable to owners of the parent / Net asset value ("NAV")	69,297⁽¹⁾
Number of Shares	244,656,195
NAV per Share (\$)	0.28
Premium of the Offer Price over the NAV per Share (%)	221.4%
Price-to-NAV ("P/NAV") ratio as implied by the Offer Price	3.21 times

Source: Group's audited financial statement for FY2016

Note:

(1) Does not add due to rounding.

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Assets of the Group

As at 31 December 2016, the assets of the Group of S\$120.0 million comprised mainly: (i) Property, plant and equipment of S\$43.4 million; (ii) trade and other receivables of S\$24.0 million; (iii) cash and cash equivalents of S\$23.8 million; (iv) amounts due from contract customers of S\$12.7 million; and (v) other intangible assets of S\$7.0 million, representing approximately 36.2%, 20.0%, 19.8%, 10.6% and 5.8% of the Group's total assets respectively.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets, other than construction-in-progress (“CIP”), over their estimated useful lives, using the straight-line method, over a period of 3 to 10 years. CIP represents property, plant and equipment under construction and is stated at cost less impairment and is not depreciated.

Property, plant and equipment consists of: (i) licenced interactive exhibition assets of approximately S\$32.1 million; (ii) office equipment, furniture and fittings of approximately S\$4.8 million; (iii) exhibition services assets of approximately S\$3.6 million; (iv) CIP of approximately S\$2.5 million; (v) motor vehicles of approximately S\$0.3 million; and (vi) machinery of S\$0.07 million.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (“CGUs”) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to: (i) IPR business segment – approximately S\$2.8 million; (ii) EX business segment – approximately S\$0.05 million; and (iii) IA business segment – S\$0.05 million.

The Group tests the CGUs for impairment annually, or more frequently when there is an indication that goodwill may be impaired. The recoverable amounts of the CGUs are determined based on a value-in-use calculation using the cash flow projections based on financial budgets approved by management covering a five-year period for exhibitions and interior architecture CGUs and an eight-year period based on the remaining licence period for the intellectual property rights CGU.

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Other intangible assets

The Group's other intangible assets pertain to the licences to produce and distribute TRANSFORMERS and Marvel's The AVENGERS related exhibitions. Licences are stated at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 6 to 9.25 years, which is the shorter of their estimated useful lives and periods of contractual rights.

The IPR business segment focuses on delivering engaging and interactive experiences for the global markets. The in-house creative team produces innovative and captivating contents for audiences of all ages and distributes into global territories. The IPR currently being created and marketed by this segment include The AVENGERS brand under Marvel Characters B.V. and TRANSFORMERS brand under HASBRO International, Inc..

We noted that the Group reportedly desires to acquire a third IPR in FY2017, possibly by the end of the third quarter of FY2017. Further information on the third IPR is elaborated in Section 8.8.1 of this Letter below.

Amounts due from contract customers

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of the financial year, when the outcome of a construction contract can be estimated reliably. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the consolidated statements of financial position as "Amounts due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

As at 31 December 2016, the amount due from contract customers amounted to S\$12.7 million.

Trade and other receivables

As at 31 December 2016, the trade and other receivables of the Group amounted to S\$24.0 million and this has taken into account an allowance for impairment loss on trade receivables of S\$0.8 million. Trade receivables are non-interest bearing and generally on 30 to 90 days credit terms. Other receivables consist mainly of payment on behalf of a sub-contractor for projects in Middle East.

Cash and cash equivalents

As at 31 December 2016, the cash and cash equivalents of the Group amounted to S\$23.8 million, comprising mainly: (i) fixed deposits with the banks of S\$1.4 million; and (ii) cash and bank balances of S\$22.4 million. Short term fixed deposits have maturity period of seven days and bear effective interest rate of 1.35% per annum. Long-term fixed deposits have maturity period of 365 days and bear effective interest rate of 1.05% per annum.

Included in the Group's cash and cash equivalents is an amount of S\$7.0 million held by subsidiaries in the PRC which are subject to foreign currency exchange restrictions. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange for foreign currencies through banks that are authorised to conduct foreign exchange business.

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Liabilities of the Group

The corresponding liabilities of the Group of S\$50.4 million comprised mainly: (i) bank borrowings of S\$24.7 million; (ii) trade and other payables of S\$19.6 million; and (iii) loan from ultimate holding company of S\$3.5 million, representing approximately 49.0%, 38.9% and 6.9% 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\$69.3 million. Based on the number of issued Shares of 244,656,195 Shares as at the Latest Practicable Date, the NAV per Share amounted to S\$0.28 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 31 December 2016 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 31 December 2016.

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) there are no material differences between realisable values of Group's assets and their respective book values as at 31 December 2016 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 31 December 2016, 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.
- (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 31 December 2016 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.

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8.4 Comparison with the valuation ratios of selected companies listed on the SGX-ST, the SGX-Catalist or other stock exchanges in Asia 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 various stock exchanges in Asia such as the SGX-ST, SGX-Catalist, the Stock Exchange of Hong Kong (“SEHK”), Tokyo Stock Exchange (“TSE”) or the Stock Exchange of Thailand (“SET”). These companies are engaged in the exhibitions and/or event management business, 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, SGX-Catalist or other stock exchanges in Asia, 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.

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A brief description of the Comparable Companies is as follows:

Comparable Companies	Stock Exchange	Business Description	Financial Year Ended
Pico Far East Holdings Limited ("Pico Far East")	SEHK	Pico Far East engages in the exhibition and event marketing services, brand signage and visual identity, museum, themed environment, interior and retail, conference and show management, and related businesses worldwide. It also offers brand management, design and consultancy, and visual identity solution services; turnkey services for exhibitions and events; and construction, interior design, image consultancy, and project management services. In addition, the company provides freight forwarding, exhibition logistics, and transportation services for exhibitors; designs, develops, manages, operates, and organizes exhibition and convention centres; and produces exhibition, event, and interior fit-out products. Further, it provides services to organizers and fabrication of exhibition booths; manages development programs and courses; and offers interior renovation and event fabrication services. Pico Far East was founded in 1969 and is based in Tai Po, Hong Kong.	31 October 2016
UnUsUaL Limited ("UnUsUaL")	SGX-Catalist	UnUsUaL engages in the promotion and production of concerts and events in Singapore, Malaysia, Hong Kong, and internationally. The company operates through three segments: Promotion, Production, and Others. It is involved in the rental of stage lighting, sound systems, audio equipment, and light system installation and its related services; trade in rights to concerts and/or events; lease of premises to customers to hold activities and other related services; lease of stage equipment; and investment in concert production. The company also organizes and promotes various shows, entertainment acts, and other related services; organizes and manages events; and provides concert production services and artiste services. The company was founded in 1997 and is based in Singapore. UnUsUaL is a subsidiary of mm2 Asia Ltd.	31 March 2017
TOW Co.,Ltd. ("TOW")	TSE	TOW Co.,Ltd. engages in planning, producing, and promoting events in Japan. The company was founded in 1976 and is headquartered in Tokyo, Japan.	30 June 2016

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Comparable Companies	Stock Exchange	Business Description	Financial Year Ended
Kingsmen Creatives Ltd. ("Kingsmen")	SGX-ST	<p>Kingsmen engages in exhibitions and thematic, retail and corporate interiors, research and design, and alternative marketing businesses. It also provides corporate marketing and other related services. The company's Exhibitions and Thematic segment produces exhibition displays for trade shows and promotional events; interiors and displays for museums and visitor centres; and thematic and scenic displays for theme parks. Its Retail and Corporate Interiors segment provides interior fitting-out services to commercial and retail properties. The company's Research and Design segment offers design works for upmarket specialty stores, departmental stores, eateries, museums, visitors' centres, corporate offices, showrooms, trade shows, events, promotional functions, and festivals. Its Alternative Marketing segment provides event management, branding consultancy, and custom publishing services. The company also provides design consultancy and planning management, advertising, marketing communications, electrical engineering, and graphic design and production services, as well as design and construction facilities to exhibitors. Further, it is involved in the design and production of architectural interiors, decorations, and museums; and provision of advertising contractor's services. In addition, the company engages in the manufacture, wholesale, and trading of interior and exhibition furniture, and fixtures and displays. It operates in South Asia, North Asia, the Middle East, the United States, Canada, Europe, and internationally. Kingsmen was founded in 1976 and is headquartered in Singapore.</p>	31 December 2016
Pico (Thailand) Public Company Limited ("Pico (Thailand)")	SET	<p>Pico Thailand engages in the event marketing, brand image building, and knowledge communication; and meeting, incentive, convention, and exhibition management and service businesses primarily in Thailand. The company operates through five segments: Exhibition, Event Marketing, Museum Exhibit, Knowledge Communication, and Organizer. It designs and fabricates exhibition booths for trade exhibition organizers, company showrooms, and shop counters; and interiors for museums, theme parks, and visitor centres. The company also rents equipment; operates as a contractor for trade exhibition standard booths; and offers specialized event marketing management, and trade exhibition and interior design services. In addition, it produces and distributes TV programs, cable TV programs, satellite TV programs, and TV programs on the Internet in the education area; and distributes educational media. The company was founded in 1981 and is based in Bangkok, Thailand. Pico Thailand is an associated company of Pico Far East.</p>	31 October 2016

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Comparable Companies	Stock Exchange	Business Description	Financial Year Ended
CMO Public Company Limited ("CMO")	SET	CMO engages in the business of event management for public events, exhibitions, and entertainment activities in Thailand and internationally. It provides integrated marketing communication solutions, including project development, strategic planning, creative, production, promotion, and online marketing services. The company also offers research and concept development, content management, design, and construction services for museums and institutions; art management services; services for image visual systems, lighting systems, and audio sound systems; video production services; and media presentation and interactive media services. In addition, it provides events and marketing solutions, such as organizing special events and public events, promotion and road shows, trade show and exhibitions, and conference and business seminars; private lifestyle and event services for individuals; electrical and lighting services; and music and entertainment services, including party, concert, and various showbiz. Further, the company engages in the rental of equipment for image, lighting, sound, and effects; and production of multi-visual slides, videos, multimedia, and computer graphics. CMO was founded in 1991 and is based in Bangkok, Thailand.	31 December 2016
ARIP Public Company Limited ("ARIP")	SET	ARIP engages in the management of events and marketing activities, production and distribution of IT-related publications, and placement of advertisements in Thailand. It operates through three segments: Printing Media, Management of Event, and Digital Media. The company produces and distributes printed media in the fields of business, management, and ICT, including Business+, a magazine that provides analysis on the economy, business, management strategy, administration, marketing, and business trend updates; ELEADER, a monthly magazine that offers analysis on ICT system integration within organizations and corporates; annual data compilations and ranking magazines; COMTODAY, a fortnightly ICT magazine; Click.Today that offers tips and techniques relating to ICT gadgets and functions. It also organizes ICT products exhibition under the name of COMMART; provides organizing service for conventions and exhibitions; and offers integrated marketing services. In addition, the company develops various Websites, including aripFan.com for providing ICT news and updates and consumer electronics; and commarthailand.com/commart.co.th, an ICT exposition for publicizing the details of the event, special promotions, highlights, and relevant activities. Further, it provides video content development service to be displayed on YouTube; digital and database marketing services; multimedia e-Bookshelf, a digital service designed to support the production, collection, and distribution of e-Books by compiling audio visual and animation files to be accessed by consumers via mobile devices; Website and mobile device application development services; and develops products and services for online education to serve the needs of enterprises and corporates. The company is based in Bangkok, Thailand. ARIP is a subsidiary of Advanced Research Group Co., Ltd.	31 December 2016

Source: S&P Capital IQ

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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>
P/NAV	<p>NAV refers to consolidated net asset value, which are the total assets of a company less total liabilities.</p> <p>P/NAV refers to the ratio of a company’s share price divided by NAV per share.</p> <p>The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides 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>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation (“EV/EBITDA”)	<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>

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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 audited profit after tax for FY2016.

The Group's audited profit after tax attributable to owners of the Company for FY2016 was S\$6.68 million. Based on the Offer Price of S\$0.90 per Share and the 244,656,195 issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$220.2 million. The Offer Price thus values the Group at a PE ratio of approximately **32.96 times**.

P/NAV implied by the Offer Price

We note that the Group does have substantial intangible assets such as: (i) licences to produce and distribute TRANSFORMERS and Marvel's The AVENGERS related exhibitions; and (ii) goodwill. However, we have evaluated the Company based on the NAV approach rather than the price-to-net tangible assets approach as these intangible assets were newly acquired in FY2015 and had contributed significantly to the Group's IPR business segment. Further information on the intangible assets is elaborated in Section 8.3 of this Letter.

Notwithstanding the foregoing, Shareholders should note that analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised. The NAV approach also does not take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realized or disposed of.

Accordingly, the NAV attributable to owners of the Group amounted to approximately S\$69.3 million. Based on the number of issued Shares of 244,656,195 Shares as at the Latest Practicable Date, the NAV per Share amounted to S\$0.28 per Share.

The Offer Price of S\$0.90 per Share represents a premium of 221.4% above the NAV per Share of S\$0.28 and values the Group at a P/NAV ratio of **3.21 times** as at 31 December 2016.

EV/EBITDA implied by the Offer Price

In respect of the Group, the EV/EBITDA ratio is calculated based on its EBITDA amounting to S\$12.4 million, as extracted from the latest audited full year financial statement for FY2016.

The Group's EV of S\$221.5 million is calculated as follows: market capitalisation of S\$220.2 million as implied by the Offer Price, add non-controlling interests of S\$0.3 million, add debt of S\$24.8 million and less cash and cash equivalents of S\$23.8 million as at 31 December 2016.

Accordingly, the EV/EBITDA of the Group based on the Offer Price, values the Group at a EV/EBITDA ratio of **17.86 times** as at 31 December 2016.

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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 (S\$'million)	PE ⁽¹⁾ (times)	P/NAV ⁽²⁾ (times)	EV/EBITDA ⁽³⁾ (times)
Pico Far East ⁽⁴⁾	693.71	13.27	2.24	7.02
UnUsUaL ⁽⁵⁾	311.97	42.53	25.59 ⁽⁶⁾	39.82
TOW ⁽⁷⁾	246.63	15.76	2.50	9.39
Kingsmen	121.46	10.21	1.04	3.09
Pico Thailand ⁽⁸⁾	54.13	38.24	2.99	13.88
CMO ⁽⁹⁾	17.54	n.m. ⁽¹⁰⁾	0.95	7.53
ARIP ⁽¹¹⁾	13.53	58.41	1.65	23.31
Max		58.41	25.59	39.82
Min		10.21	0.95	3.09
Mean		29.74	1.89	14.86
Median		27.00	1.94	9.39
Company (implied by the Offer Price)	220.2	32.96	3.21	17.86

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

Notes:

- (1) PE ratio is calculated based on the earnings as extracted from the latest audited full year financial statements of the respective Comparable Companies.
- (2) P/NAV ratio is calculated based on the NAV as extracted from the latest audited full year financial statements of the respective Comparable Companies.
- (3) EV/EBITDA ratio is calculated based on the latest audited full year financial statements of the respective Comparable Companies.
- (4) Pico Far East is listed on SEHK and its functional currency is reported in HK\$. As such the exchange rate used is HK\$1.00 : SGD0.1736 as at Latest Practicable Date.
- (5) As disclosed in its Annual Report for FP2017, UnUsUaL changed its financial year end from 31 December to 31 March. With this change, the financial year of the company ended on 31 March and as such, the latest audited financial year covered a period of 15 months from 1 January 2016 to 31 March 2017. In this respect, the earnings and EBITDA of UnUsUaL have been annualised to a period of 12 months in the computation of its respective P/E and EV/EBITDA ratios.
- (6) Excluded as statistical outlier in the mean and median computations in relation to the P/NAV ratio.
- (7) TOW is listed on TSE and its functional currency is reported in Japanese Yen. As the financial statements for TOW are not available in English, the relevant ratios are extracted from Capital IQ as of the Latest Practicable Date.
- (8) Pico Thailand is listed on SET and its functional currency is reported in Thai Baht. As such the exchange rate used is THB1.00 : S\$0.040833 as at Latest Practicable Date.
- (9) CMO is listed on SET and its functional currency is reported in Thai Baht. As such the exchange rate used is THB1.00 : S\$0.040833 as at Latest Practicable Date.
- (10) n.m. dominates not meaningful as CMO is loss-making.
- (11) ARIP is listed on SET and its functional currency is reported in Thai Baht. As such the exchange rate used is THB1.00 : S\$0.040833 as at Latest Practicable Date. We have computed the PE ratio based on the continuing operations of the Group.

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Based on the above, we observe that:

- (a) The PE ratio of the Company of 32.96 times is within the range of the PE ratios of offer prices Comparable Companies, close to the mean of the PE ratios of the Comparable Companies of 29.74 times but above the median PE ratios of the Comparable Companies of 27.00 times.
- (b) The P/NAV ratio of the Company of 3.21 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 1.89 times and 1.94 times respectively.
- (c) The EV/EBITDA ratio of the Company of 17.86 times is within the range of the EV/EBITDA ratios of the Comparable Companies and is above the mean and median EV/EBITDA ratios of 14.86 times and 9.39 times respectively.

8.5 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 or SGX-Catalist which were announced since 1 January 2015 and up to the Offer Announcement 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.

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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	4.5	5.5	7.4	0.7 ⁽¹⁾	Reject the offer
Jasper Investments Limited	18 Sep 2015	(93.3) ⁽²⁾	(93.1) ⁽²⁾	(96.6) ⁽²⁾	(96.4) ⁽²⁾	n.m. ⁽³⁾	Reject the offer
Novo Group Ltd	24 Sep 2015	161.5	188.1	151.9	163.6	5.2 ⁽⁴⁾	Accept the offer
Jacks International Limited	6 Oct 2015	90.5	103.5	103.5	121.8	1.9 ⁽⁵⁾	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
China Auto Electronics Group Limited	24 Oct 2016	23.1	50.9	65.0	65.0	1.3 ⁽¹⁰⁾	Accept the offer
International Healthway Corporation Limited	16 Feb 2017	–	14.0	20.5	32.5	0.9 ⁽¹¹⁾	Accept the offer
Spindex Industries Limited	3 Mar 2017	21.4	20.9	23.4	15.3	1.0 ⁽¹²⁾	Accept the offer
Nobel Design Holdings Ltd	2 May 2017	8.5	9.4	15.9	18.6	0.7 ⁽¹³⁾	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		39.2	50.8	50.0	51.0	1.6	
Median		23.1	45.7	28.5	32.5	1.0	
The Company (implied by the Offer Price)	12 May 2017	(5.4)	0.6	3.9	0.3	3.2⁽¹⁴⁾	

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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 the NTA per share on a diluted basis (after bond conversion) as at 30 June 2016.
- (11) Based on the RNAV per share as at 30 September 2016.
- (12) Based on the RNTA per share as at 31 December 2016.
- (13) Based on the RNAV per share as at 31 March 2017.
- (14) Based on the Group's NAV as at 31 December 2016.

Based on the above, we note the following:

- (a) Save for the case of Jasper Investments Limited (“**Jasper**”), the offer prices of all the other Selected Comparable Transactions are at a premium over the last transacted market price prior to announcement and the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the announcement.
- (b) The discount implied by the Offer Price of 5.4% to the last transacted price of the Shares prior to the Pre-Conditional Offer Announcement Date is within the range but below the mean and median of the corresponding premia of the Selected Comparable Transactions. Had Jasper been excluded, the discount implied by the Offer Price to the last transacted price of the Shares prior to the Pre-Conditional Offer Announcement Date would have been below the range of the corresponding premia of the Selected Comparable Transactions.
- (c) The premia implied by the Offer Price of 0.6%, 3.9% and 0.3% over the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the Pre-Conditional Offer Announcement Date are all within range but below the mean and median of the corresponding premia of the Selected Comparable Transactions. Had Jasper been excluded, the premia implied by the Offer Price over the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the Pre-Conditional Offer Announcement Date would have been below the range of the corresponding premia of the Selected Comparable Transactions.
- (d) The P/NAV ratio of the Group of 3.2 times as implied by the Offer Price is within the range of P/NTA ratios of the Selected Comparable Transactions but higher than the mean and median P/NTA ratios of the Selected Comparable Transactions.
- (e) Further, we noted that amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “accept” the offer, the corresponding premia of these Selected Comparable Transactions are substantially higher than the discount/premia implied by the Offer Price in relation to the Company.

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8.6 Analysts' estimates and target prices for the Company

We noted there has been analyst coverage on the Company. We have extracted the relevant recommendations and target prices from the respective research reports and have summarised them in the table below.

Analyst	Date of research report	Recommendation	Target price (S\$)	Discount of Offer Price to target price
CIMB Research Pte. Ltd.	31 May 2017	Add	1.27	(29.1)
DBS Bank Ltd.	30 May 2017	Buy	1.23	(26.8)
UOB Kay Hian Private Limited	26 May 2017	Buy	1.28	(29.7)
Mean			1.26	(28.6)

Source: Capital IQ

Based on the above research reports, we note that:

- (a) The Offer Price represents a discount of approximately 28.6% to the mean target price of S\$1.26 estimated by the three analysts' reports.
- (b) We note that all analysts had made recommendations to "Add" and "Buy" the Company's Shares.

We wish to highlight that the above research reports are not exhaustive and the estimated price targets of the Shares in these reports represent the individual view of the respective analysts' (not RHTC) based on the circumstances, including but not limited to, market, economic and industry conditions and market sentiment and investor perceptions on the prospects of the Company, prevailing at the date of the publication of the respective reports. The opinion of the analysts may change over time due to, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As such, the estimated target prices in these research reports may not be an accurate prediction of future market prices of the Shares.

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8.7 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	–	0.01	–
Average Share price ⁽¹⁾	0.208	0.239	0.758
Dividend yield⁽²⁾ (%)	–	4.18	–

Source: Company's announcements released on the SGX-ST, Company's annual reports and ShareInvestor.com

Notes:

- (1) Average daily closing price of the Shares.
- (2) Computed based on dividends per Share divided by the average Share price.

We note that over the last three years, the Company only declared dividend in FY2015 which represented a dividend yield of 4.18%.

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.

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8.8 Other relevant considerations

8.8.1 Potential acquisition of intellectual property

Other than as set out in the Group's results announcement for FY2016 and the Group's Annual Report for FY2016, we note that it has been reported that the Group desires to acquire a third IPR in FY2017, possibly by the end of the third quarter of FY2017.

Information on the potential acquisition of intellectual property, as set out below in italics, has been extracted from Appendix II to the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

"5. POTENTIAL ACQUISITION OF INTELLECTUAL PROPERTY

As at the Latest Practicable Date, based on publicly available information, the Company expects to acquire its third intellectual property (in addition to its current rights to produce exhibits based on the Avengers and Transformers brands) by the end of the third quarter of 2017."

We note that this is also reflected in the following published news articles, which we have extracted for your easy reference.

Business Times article published on 9 January 2017

"With two IP rights already in its pocket, Cityneon is looking at acquiring a third IP this year.

"We want to be able to choose who we work with. The criteria are firstly, the movie must perform above US\$1 billion (S\$1.44 billion). There are only 27 movies grossing above that amount. Secondly, the movie must have sequels. Marvel has plans for sequels right up to 2022 and Transformers up to eight sequels," Mr Tan says, but declines to say which IP Cityneon has set its sights on.

"Singapore rode on the shoulders of giants to get where it is today. Cityneon is a small company. Like Singapore, it wants to ride on the shoulders of giants to grow to be successful in the experiential exhibition industry," Mr Tan says."

Business Times article published on 27 June 2017

"CITYNEON Holdings expects to acquire its third intellectual property by the end of the third quarter, and that the exit of its major shareholder will go through as planned, group chief executive Ron Tan said on Tuesday at the sidelines of an investors day organised by Singapore Exchange and DBS Bank.

Cityneon, which makes interactive exhibits tied to blockbuster entertainment brands, currently owns the rights to produce exhibits based on the Avengers and Transformers brands.

Mr Tan's comments were the most specific so far about the timing of an intellectual property acquisition. Mr Tan had previously said that he was looking for billion-dollar box office movie franchises with sequels to anchor its third line of exhibits."

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8.8.2 No change to the management of the Group

We note the Offeror's intention of the Company as mentioned in Section 7 of this Letter: *"Through the Acquisition, Mr Ron Tan, with the support of the Financial Investors, had acquired the Shares of the Vendor by way of a management buy-out exercise. After the Offer, Mr Ron Tan will be able to more effectively influence the strategy, expansion and future direction of the Company through the Offeror and with the support of the Financial Investors.*

Given the fulfilment of the Pre-Condition and Completion, in accordance with Section 139 of the Securities and Futures Act and Rule 14 of the Code, the Offeror is required to make the Offer."

Currently, Mr Ron Tan is the only Executive Director of the Group and is the incumbent Group CEO. Pursuant to the Irrevocable Undertaking, Mr Ron Tan had sold his entire shareholding amounting to 40.0 million Shares in the Company to the Offeror on 19 July 2017. Notwithstanding this, we note that Mr Ron Tan still remains as the Executive Director and Group CEO and will continue to play a significant role in the Company as the Offer is akin to a management buyout exercise led by Mr Ron Tan, with Massive Right and Mutual Power being purely financial investors as mentioned in Section 6 of this Letter. We further note that Mr Ron Tan has a shareholding interest of 15.5% in the Offeror and is a director of the Offeror.

We understand from Management that, save for the IPR business segment, other business segments are currently managed by professional managers who report directly to the Group CEO. Notwithstanding the exit of a major shareholder, the business operations of the Group remain the same and continue to function as usual.

8.8.3 Likelihood of competing offers

As at the Latest Practicable Date, the Offeror and its concert parties own approximately 68.9% of the total number of Shares.

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.

As the Offer has become unconditional in all respects, the likelihood of a competing offer is remote.

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8.8.4 Offeror's intention for the Company / No compulsory acquisition by the Offeror

It is the current intention of the Offeror to **maintain the listing status** of the Company on the SGX-ST. However, in the event the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10.0% and the SGX-ST suspends trading of the Shares, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. **Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10.0%.**

Pursuant to Section 215(1) of the Companies Act, in the event the Offeror receives valid acceptances pursuant to the Offer or acquires Offer Shares from the date of despatch of the Offer Document otherwise than through valid acceptances of the Offer, in respect of not less than 90.0% of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of the Offer Document, including the Sale Shares purchased from the Vendor under the Share Purchase Agreement), the Offeror would have the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") at the Offer Price.

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST. **Accordingly, the Offeror does not intend to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act in the event that it receives acceptances pursuant to the Offer representing 90.0% or more of the Offer Shares.** However, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Please refer to Section 7 above on the Offeror's intentions in relation to the listing status of the Company on the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and their respective nominees acquire, such number of Shares pursuant to the Offer, which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90.0% or more of the total number of issued Shares. **Such Shareholders who wish to exercise such rights are advised to seek their own independent professional advice.**

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9. OPINION

In arriving at our opinion in respect of the Offer, 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.

- (a) Market quotation and trading liquidity of the Shares;
- (i) The Offer Price represents a discount of approximately 5.4% to the VWAP of the Shares of S\$0.9515 on 5 May 2017, being the day when the Shares were last traded prior to the release of the Pre-Conditional Offer Announcement.
 - (ii) Over the 1-year period prior to the release of the Pre-Conditional Offer Announcement, the Shares have traded between a low of S\$0.55 and a high of S\$1.21. The Offer Price represents a premium of S\$0.35 (or 63.6%) above the lowest transacted price and a discount of S\$0.31 (or 25.6%) to the highest transacted price of the Shares. The Shares have closed at or above the Offer Price on 150 traded days out of 253 market days during the 1-year period prior to the release of the Pre-Conditional Offer Announcement.
 - (iii) The Offer Price represents a premium of approximately 0.6%, 3.9%, 0.3% and 4.2% above the VWAP of the Shares for 1-month, 3-month, 6-month and 1-year periods prior to the release of the Pre-Conditional Offer Announcement respectively.
 - (iv) For the period from the release of the Pre-Conditional Offer Announcement to the Offer Announcement Date, the Shares have traded between a low of S\$0.89 and a high of S\$1.015. The Offer Price represents a premium of S\$0.01 (or 1.1%) above the lowest transacted price and a discount of S\$0.115 (or 11.3%) to the highest transacted price of the Shares. The Shares have closed at or above the Offer Price on all 45 market days from the Pre-Conditional Offer Announcement Date to the Offer Announcement Date.
 - (v) The Offer Price represents a discount of approximately 7.6% to the VWAP of the Shares of S\$0.9740 on the Offer Announcement Date.
 - (vi) For the period from the release of the Offer Announcement Date to the Latest Practicable Date, the Shares have traded between a low of S\$0.91 and a high of S\$0.985. The Offer Price represents a discount of S\$0.01 (or 1.1%) to the lowest transacted price and a discount of S\$0.085 (or 8.6%) to the highest transacted price of the Shares. The Shares have closed at or above the Offer Price on all 16 market days from the Offer Announcement Date to the Latest Practicable Date.
 - (vii) The Offer Price represents a discount of approximately 4.6% to the VWAP of the Shares of S\$0.9435 on the Latest Practicable Date.
 - (viii) Over the 1-year period prior to the release of the Pre-Conditional Announcement Date, the Shares were regularly traded throughout the period. 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 Pre-Conditional Announcement represent 2.7%, 2.3%, 1.9% and 3.3% of the free float of the Shares respectively.
 - (ix) During the period following the release of the Pre-Conditional Announcement and up to the release of the Offer Announcement on 17 July 2017, the average daily trading volume on the Shares was approximately 2.06 million Shares, representing 2.7% of the free float of the Shares.

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- (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 1.02 million Shares, representing 1.3% of the free float of the Shares.

- (b) Historical financial performance of the Group;
- (c) Financial position of the Group;
- (d) Comparison with valuation ratios of selected companies listed on the SGX-ST, SGX-Catalist or other stock exchanges in Asia which are broadly comparable to the Group;
 - (i) The PE ratio of the Company of 32.96 times is within the range of the PE ratios of offer prices Comparable Companies, close to the mean of the PE ratios of the Comparable Companies of 29.74 times but above the median PE ratios of the Comparable Companies of 27.00 times.
 - (ii) The P/NAV ratio of the Company of 3.21 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 1.89 times and 1.94 times respectively.
 - (iii) The EV/EBITDA ratio of the Company of 17.86 times is within the range of the EV/EBITDA ratios of the Comparable Companies and is above the mean and median EV/EBITDA ratios of 14.86 times and 9.39 times respectively.
- (e) Comparison with recently completed mandatory general offers for companies listed on the SGX-ST or SGX-Catalist;
 - (i) Save for the case of Jasper, the offer prices of all the other Selected Comparable Transactions are at a premium over the last transacted market price prior to announcement and the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the announcement.
 - (ii) The discount implied by the Offer Price of 5.4% to the last transacted price of the Shares prior to the Pre-Conditional Offer Announcement Date is within the range but below the mean and median of the corresponding premia of the Selected Comparable Transactions. Had Jasper been excluded, the discount implied by the Offer Price to the last transacted price of the Shares prior to the Pre-Conditional Offer Announcement Date would have been below the range of the corresponding premia of the Selected Comparable Transactions.
 - (iii) The premia implied by the Offer Price of 0.6%, 3.9% and 0.3% over the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the Pre-Conditional Offer Announcement Date are all within range but below the mean and median of the corresponding premia of the Selected Comparable Transactions. Had Jasper been excluded, the premia implied by the Offer Price over the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the Pre-Conditional Offer Announcement Date would have been below the range of the corresponding premia of the Selected Comparable Transactions.
 - (iv) The P/NAV ratio of the Group of 3.2 times as implied by the Offer Price is within the range of P/NTA ratios of the Selected Comparable Transactions but higher than the mean and median P/NTA ratios of the Selected Comparable Transactions.

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- (v) Amongst the Selected Comparable Transactions where the respective independent financial advisers had advised independent directors to recommend to shareholders to “accept” the offer, the corresponding premia of these Selected Comparable Transactions are substantially higher than the discount/premia implied by the Offer Price in relation to the Company.
- (f) Analysts’ estimates and target prices for the Company;
 - (i) The Offer Price represents a discount of approximately 28.6% to the mean target price of S\$1.26 estimated by the three analysts’ reports.
 - (ii) We note that all analysts had made recommendations to “Add” and “Buy” the Company’s Shares.
- (g) Dividend track record of the Company;
 - (i) Over the last three years, the Company only declared a dividend of S\$0.01 per share in FY2015.
 - (ii) The Directors have confirmed that the Company does not have a fixed dividend policy.
- (h) Other relevant considerations;
 - (i) Potential acquisition of intellectual property.
 - (ii) No change to the management of the Group.
 - (iii) Likelihood of competing offers.
 - (iv) Offeror’s intention for the Company / No compulsory acquisition by the Offeror.

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 not fair and not reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders REJECT the Offer. If Shareholders wish to realise their investments in the Company, they can choose to sell their Shares in the open market if they obtain a price higher than the Offer Price (after deducting transaction costs).

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 reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10.0%.

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 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 shall remain the sole responsibility of the Independent Directors.

APPENDIX I – LETTER FROM RHT CAPITAL PTE. LTD. IN RESPECT OF THE OFFER

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 II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

1. DIRECTORS

The names, addresses and designations of the directors of the Company as at the Latest Practicable Date are as follows:

Name	Address	Designation in the Company
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan	c/o 84 Genting Lane #06-01 Singapore 349584	Non-Executive Chairman
Tan Aik Ti, Ron	c/o 84 Genting Lane #06-01 Singapore 349584	Executive Director and Group Chief Executive Officer
Datuk Seri Wong Chun Wai	c/o 84 Genting Lane #06-01 Singapore 349584	Non-Executive Director
Ragesh Rajendran	c/o 84 Genting Lane #06-01 Singapore 349584	Alternate Director to Datuk Seri Wong Chun Wai
Ng Fook Ai Victor	c/o 84 Genting Lane #06-01 Singapore 349584	Non-Executive Director
Datuk Roger Tan Kor Mee	c/o 84 Genting Lane #06-01 Singapore 349584	Independent Director
Dato' Lee Yeow Chor @ Lee Yew Meng	c/o 84 Genting Lane #06-01 Singapore 349584	Independent Director
Tang Nai Soon	c/o 84 Genting Lane #06-01 Singapore 349584	Independent Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore in 1999 and its shares have been quoted and traded on the SGX-ST since 7 December 2005, first on Sesdaq, before transferring to the Main Board of the SGX-ST on 22 January 2008.

The Group is involved in the following business segments:

- (a) Experiential Environment – comprising architectural facades, scenic fabrication, sculptures, scaled models, wall reliefs and murals, replicas, show sets and props, artistic painting, landscaping to theme park and attractions, expositions and museums and galleries;
- (b) Interior Architecture – comprising conceptualise, design and interior fitting-out services to commercial properties, healthcare, hospitality services industry, show rooms and retail outlets;
- (c) Exhibitions – comprising design, fabrication, installation and project management of customized exhibition booths and pavilions, rental of re-usable exhibition booths, pavilion modules, furniture and furnishings and the provision of ancillary services in electrical services and environmental graphics;
- (d) Events – providing assistance in creating, developing, organising, hosting and managing events as a supporting service in collaboration with customers or on a turnkey basis where the Group is responsible for every aspect of events; and
- (e) Intellectual Property Rights – producing innovative and captivating content for exclusive license-held showcases through exhibitions for audiences and distributing into global territories.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

3. SHARE CAPITAL

3.1. Authorised and issued share capital of the Company

The Company has only one class of shares, being ordinary shares, all fully-paid or credited as fully-paid, with equal ranking rights to dividend, voting at general meetings and return of capital. As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$51,927,353.10, comprising 244,656,195 Shares.

Pursuant to the Companies (Amendments) Act 2005, companies incorporated in Singapore no longer have an authorised share capital and there is no concept of par value in respect of issued 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.

As at the Latest Practicable Date, the Company does not hold any treasury shares. Since the end of FY2016 and up 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.

The Shares are quoted and listed on the Main Board of the SGX-ST.

3.2. Convertible securities

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

3.3. Rights of Shareholders in respect of capital, dividends and voting

The rights of Shareholders in respect of capital, dividends and voting 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 have been reproduced in **Appendix III** to this Circular.

4. SUMMARY OF FINANCIAL INFORMATION

4.1. Financial information of the Group

Please refer to **Appendix IV** to this Circular for further financial information in relation to the Group.

4.2. Material changes in financial position

As at the Latest Practicable Date, save as disclosed in this Circular and in publicly available information on the Company (including, without limitation, the annual reports of the Company for FY2014, FY2015 and FY2016), there has not been, within the knowledge of the Company, any material change in the financial position or prospects of the Company since 31 December 2016, being the date on which the last published audited consolidated financial statements of the Group were made up.

4.3. Significant accounting policies

The significant accounting policies of the Group are disclosed in Note 2 of the audited consolidated financial statements of the Group for FY2016 as set out in the Company's annual report 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), there were no significant accounting policies or any point from the notes of the accounts of the Company which are of major relevance for the interpretation of the accounts.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

4.4. Changes in accounting policies

As at the Latest Practicable Date, save as publicly disclosed, there has been no change in the accounting policies of the Company which will cause the figures in the financial statements of the Company to be not comparable to a material extent.

5. DISCLOSURE OF INTERESTS UNDER THE CODE

5.1. Interests of the Company in shares of the Offeror

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries owns any shares, securities which carry voting rights, or convertible securities, warrants, options or derivatives in respect of shares or securities which carry voting rights (collectively, “**Relevant Securities**”) of the Offeror, whether directly or indirectly.

5.2. Dealings in shares and Relevant Securities of the Offeror by the Company

Neither the Company nor any of its subsidiaries have dealt for value in the shares and Relevant Securities of the Offeror during the six months prior to the date of the Pre-Conditional Offer Announcements and ending on the Latest Practicable Date (“**Relevant Period**”).

5.3. Interests of Directors in the Shares and Relevant Securities of the Company

As at the Latest Practicable Date, based on information available to the Company and save as disclosed below, none of the Directors has any direct or deemed interest in any of the Shares or Relevant Securities of the Company:

Director	No. of Shares held	Approximate Shareholding (%) ⁽¹⁾
Ron Tan ⁽²⁾	168,458,590 ⁽³⁾	68.86

Notes:

- (1) The percentage shareholding is based on 244,656,195 Shares in the capital of the Company.
- (2) Notwithstanding that PIL's shareholding in the Offeror is less than 20%, PIL has on 16 May 2017 notified the Company that it considers itself to be deemed interested in the Shares held by the Offeror by virtue of (a) its 15.5% shareholding in the Offeror, (b) Ron Tan being a director of the Company, PIL and the Offeror, and (c) through the Acquisition, Ron Tan, with the support of Massive Right and Mutual Power, has acquired the Shares of the Vendor by way of a management buy-out exercise. Please refer to the Notification Form for Substantial Shareholder(s) in respect of Interests in Securities (Form 3) dated 16 May 2017 released by the Company on behalf of PIL. Ron Tan is deemed interested in the Shares held by the Offeror through his 100% shareholding in PIL.
- (3) Excluding valid acceptances of the Offer for the purpose of this disclosure up to the Latest Practicable Date.

5.4. Dealings in the Shares and Relevant Securities of the Company by the Directors

As at the Latest Practicable Date, save as disclosed in **Sections 1.1, 2.9 and 3.3** of this Circular in relation to dealings in the Shares by companies which Ron Tan has interest in, none of the Directors has dealt for value in any of the Shares or Relevant Securities of the Company during the Relevant Period.

5.5. Interests of Directors in shares and Relevant Securities of the Offeror

As at the Latest Practicable Date, save as disclosed below, none of the Directors has any direct or deemed interest in any of the shares or Relevant Securities of the Offeror.

Director	No. of Shares held	Approximate Shareholding (%) ⁽¹⁾
Ron Tan ⁽²⁾	15.5	15.5%

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

Notes:

- (1) The percentage shareholding is based on 100 ordinary shares in the capital of the Offeror.
- (2) Ron Tan is deemed interested in the shares of the Offeror held by PIL through his 100% shareholding in PIL.

5.6. Dealings in Relevant Securities of the Offeror by the Directors

As at the Latest Practicable Date, none of the Directors has dealt for value in any of the shares or Relevant Securities of the Offeror during the Relevant Period.

5.7. Interests of the IFA in the Shares and Relevant Securities of the Company

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

5.8. Dealings in the Shares and Relevant Securities of the Company by the IFA

Neither the IFA, its other related corporations and funds whose investments are managed by the IFA on a discretionary basis have dealt for value in the Shares or Relevant Securities of the Company during the Relevant Period.

5.9. Directors' intentions

Save as disclosed in **Section 5.3 of this Appendix II** in relation to the Shares held by Ron Tan, as at the Latest Practicable Date, none of the Directors has any other direct or deemed interest in the Shares.

Ron Tan had **ACCEPTED** the Offer on 19 July 2017 pursuant to his irrevocable undertaking given to the Offeror (details of which are disclosed in **Section 2.9** of this Circular).

6. ARRANGEMENTS WITH DIRECTORS

6.1. Directors' service contracts under the Code

As at the Latest Practicable Date:

- (a) Under the terms of his service agreement with VHE and the Company dated 30 September 2015, Ron Tan is entitled to a basic annual salary of US\$360,000 (subject to an increment of 8% per annum on a compounded basis for three years from 30 September 2015 ("**Initial Term**")) and an annual discretionary performance bonus, the entitlement to and amount of which shall be determined by the remuneration committee of the Company and the board of directors of VHE, at their discretion. Either VHE or Ron Tan may terminate the service agreement with three months' notice in writing (or salary in lieu of notice), however VHE shall pay to Ron Tan his pro-rated basic salary in respect of the remaining period of the Initial Term should VHE terminate his service agreement without cause. The service agreement will be automatically renewed for a further three years unless either party gives notice of its contrary intention in writing at least three months prior to the expiry of the Initial Term;
- (b) Ron Tan's service agreement was subsequently varied at a Board meeting held on 20 December 2016 in consideration of his appointment as the chief executive officer of the Group on 1 January 2017, with the following material variations:
 - (i) Ron Tan shall be entitled to a monthly salary of US\$50,000 (or its S\$ equivalent);
 - (ii) Where the PAT exceeds S\$7 million but is less than S\$10 million, a performance bonus of 5% of the PAT;
 - (iii) Where the PAT exceeds S\$10 million but is less than S\$15 million, a performance bonus of 7.5% of the PAT;

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

- (iv) Where the PAT exceeds S\$15 million, a performance bonus of 10% of the PAT;
- (c) Subsequent to the Board meeting referred to in Section 6.1(b) above, at a Remuneration Committee meeting held on 14 February 2017 to review the draft supplemental agreement to vary Ron Tan's service agreement dated 30 September 2015, the Remuneration Committee resolved to defer it for further review pending clarification on certain aspects of the supplemental agreement. At a Board meeting held on 22 February 2017, the Board decided that Ron Tan's remuneration package should first be reviewed and discussed by the Remuneration Committee and then it be recommended to the Board for approval; and
- (d) Save as disclosed above, there are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries which have more than twelve months to run and which cannot be terminated by the employing company within the next twelve months without paying any compensation, nor have such contracts been entered into or amended during the Relevant Period.

6.2. Arrangements affecting Directors

As at the Latest Practicable Date, save as disclosed in this Circular:

- (a) It is not proposed that any payment or other benefit shall be made or given to any Director, or 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;
- (b) There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) None of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

7. VIEWS OF THE BOARD ON THE OFFEROR'S INTENTIONS FOR THE COMPANY AND ITS EMPLOYEES

The Board refers Shareholders to the rationale for the Offer and the Offeror's intentions for the Company and its employees as produced from the Offer Document in **Section 5** of this Circular. The Board is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

8. MATERIAL CONTRACTS

8.1 Disclosure under the Code

Save as disclosed in publicly available information on the Company and in this Circular, neither the Company nor its subsidiaries has entered into any material contract (other than in the ordinary course of business) with interested persons during the period commencing three years prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

An "interested person", as defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, means:

- (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) of the Company and his/her immediate family is a beneficiary;

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

- (d) Any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) of the Company and his/her 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 a 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.

For the purpose of this section 8.1, “Substantial Shareholder” shall mean a person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares.

8.2 Summary of material contracts

The details of the material contracts entered into by the Group with interested persons are as follows:

(a) Sale and purchase agreement for the acquisition of VHE (“VHE Acquisition”)

The sale and purchase agreement for the VHE Acquisition was entered into on 1 April 2015 among the Company, PIL and Ron Tan, as amended by supplemental letters dated 2 June 2015 and 20 August 2015. The material terms of the VHE Acquisition, which was completed on 30 September 2015, include:

(i) Consideration

The aggregate consideration for the VHE Acquisition is as follows:

- A. S\$10,000,000 payable to PIL (or its nominee) on completion of the VHE Acquisition;
- B. S\$9,000,000 payable to PIL via the issue of 45,000,000 Shares at an issue price of S\$0.20 to PIL (or its nominee) (“**Consideration Shares**”) on completion of the VHE Acquisition, which Consideration Shares are subject to a six-month moratorium period; and
- C. The incentive payment(s) payable to PIL upon VHE achieving the target profit after tax for the financial periods ending 30 June 2016, 30 June 2017 and 30 June 2018, further details of which may be found in section (ii) below.

(ii) Profit Guarantee and Incentive Payments

PIL had provided a profit guarantee to the Company, and the Company would make certain incentive payment(s) to PIL upon achievement of the agreed targets, details of which are set out below:

- A. In the event that (a) the target profit after tax of VHE of S\$2,800,000 (“**Profit Guarantee**”) for the twelve-month period ended 30 June 2016 is achieved and (b) Ron Tan is in compliance with his service agreement, the Company shall by 31 July 2016 pay to PIL S\$2,000,000 and an incentive payment of 30% of the profit after tax in excess of the Profit Guarantee (if any). Should VHE fail to meet the aforesaid Profit Guarantee, PIL will pay to the Company the difference, within ten Business Days from the date of written request for payment by the Company;
- B. The Company, PIL and an escrow agent shall execute an escrow agreement for the escrow agent to hold 14,000,000 Shares (equivalent to the value of the Profit Guarantee);

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

- C. In the event that (a) the target profit after tax of VHE of S\$4,500,000 for the twelve-month period ended 30 June 2017 is achieved and (b) Ron Tan is in compliance with his service agreement, the Company shall by 31 July 2017 pay to PIL an incentive payment of 30% of the profit after tax in excess of the aforesaid target (if any); and
- D. In the event that (a) the target profit after tax of VHE of S\$5,500,000 for the twelve-month period ended 30 June 2018 is achieved and (b) Ron Tan is in compliance with his service agreement, the Company shall by 31 July 2018 pay to PIL an incentive payment of 30% of the profit after tax in excess of the aforesaid target (if any).

(iii) Other Material Terms

The other material terms of the VHE Acquisition include, *inter alia*:

- A. Ron Tan shall be appointed as executive Director of the Company on completion of the VHE Acquisition;
- B. If at any time during the Initial Term, Ron Tan terminates his service agreement or the Group terminates his service agreement due to (a) Ron Tan being convicted of a criminal offence and sentenced to imprisonment as a result thereof and/or (b) Ron Tan committing fraud and is convicted as a result thereof, PIL shall within ten Business Days of written notification from the Company, repay the sum of US\$2,500,000, provided always that this shall not apply in the event that Ron Tan becomes permanently incapacitated, dies and/or otherwise unable to perform his duties under his service agreement for a period of one hundred and eighty days (in aggregate) in any period of twelve consecutive calendar months, in each case due to long-term ill health or full disability; and
- C. Ron Tan guaranteeing the due and punctual performance of each obligation of PIL under the sale and purchase agreement for the VHE Acquisition.

(b) Escrow agreement in relation to the VHE Acquisition

The escrow agreement among the Company, PIL and UOB Kay Hian Pte Ltd as escrow agent to hold 14,000,000 Consideration Shares (equivalent to the value of the Profit Guarantee) in escrow for the VHE Acquisition was entered into on 30 September 2015. The material terms of the Escrow Agreement include:

- (i) 14,000,000 Consideration Shares shall be deposited into an escrow account on completion of the VHE Acquisition until 1 August 2016, at which time the Consideration Shares shall be released to PIL if they have not been sold in accordance with the terms of the escrow agreement;
- (ii) In the event that the Profit Guarantee is not met and the Vendor fails to pay the difference, the Company may request the escrow agent to sell such number of Consideration Shares at the prevailing market price and pay the proceeds to the Company; and
- (iii) If there are any remaining Consideration Shares following the sale, the Company shall instruct the escrow agent to release the remaining Consideration Shares to PIL.

(c) Loan agreement between the Company and Star Media

The Company entered into a loan agreement with Star Media on 1 June 2009 for the extension of a loan by Star Media for up to S\$10 million for a term of one year from the date of disbursement of funds, with interest accruing at a rate of 5% per annum and payable quarterly in arrears.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON CITYNEON HOLDINGS LIMITED

The loan agreement was subsequently varied by supplemental agreements dated 31 March 2010, 21 February 2011, 9 February 2012, 25 February 2013, 18 February 2014, 16 February 2015, 16 February 2016 and 16 February 2017 (collectively, the “**Supplemental Agreements**”). The material terms of the loan agreement as modified by the Supplemental Agreements are as follows:

- (i) The Company has until 31 December 2017 to repay the total principal amount drawn down of S\$3.5 million together with all interest accrued thereon. The Company will not be entitled to request for further disbursements from Star Media; and
- (ii) Interest shall accrue at the rate of 3.8% per annum, payable quarterly in arrears.

9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) No member of the Group is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of any member of the Group, taken as a whole; and
- (b) The Directors are not aware of any litigation, claim or proceeding pending or threatened against any member of the Group or to which any member of the Group may become a party or of any fact likely to give rise to any litigation, claims or proceeding which might materially and adversely affect the financial position of any member of the Group.

10. GENERAL INFORMATION

- (a) **Costs and Expenses.** All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.
- (b) **Consent of experts.** RHTC has given and confirmed that it has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the IFA Letter, the advice given to the Independent Directors and the references to its name in the form and context in which they appear in this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 84 Genting Lane #06-01 Cityneon Design Centre Singapore 349584 during normal business hours for the period during which the Offer remains open for acceptances:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2014, FY2015 and FY2016;
- (c) the material contracts referred to in **Section 8 of this Appendix II**;
- (d) the IFA Letter; and
- (e) the IFA’s letter of consent as referred to in **Section 10(b) of this Appendix II**.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced below. Please see the definitions in the Constitution for terms used in the extracts below.

Rights in respect of capital

SHARES

8. (1) Subject to the Act, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 52, 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 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:-
- (i) the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time;
 - (ii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;
 - (iii) 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;
 - (iv) no shares shall be issued at a discount, except in accordance with the Act; and
 - (v) 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 Article 52(1) with such adaptations as are necessary shall apply.
- (2) Notwithstanding Article 52, 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:
- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including without limitation, the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
 - (b) (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,

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

provided that:

- (a) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 50 per cent. (50%) or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 20 per cent. (20%) (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below);
 - (b) (subject to such manner of calculation as may be prescribed by the Exchange) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a), the percentage of issued share capital shall be based on the issued share capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for:
 - (i) new shares arising upon the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the Ordinary Resolution is passed; and
 - (ii) any subsequent consolidation or subdivision of shares;
 - (c) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these presents; and
 - (d) (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 of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company 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).
9. (1) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets 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 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.
10. (1) If at any time the share capital is divided into different classes, the special 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 made, 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 these Articles relating to

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

General Meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two 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 Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting.

- (2) The repayment of preference capital other than redeemable preference capital 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 Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the Meeting, shall be as valid and effectual as a special resolution carried at the Meeting.
11. 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 these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.
12. The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent of that price (as the case may be). Such commission 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. The Company may also on any issue pay such brokerage as may be lawful.
13. 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.
14. Except as required by law, no person other than the Depository 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 these Articles or by law 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 of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained herein in this Article 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 or in response to a notice pursuant to Section 92 of the Act or any note made by the Company of any particulars in such notification or response 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.
15.
 - (1) The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.

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- (2) If two or more persons are registered as joint holders of any share any one of such person 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 the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.
 - (3) Only the person whose name stands first in the Register of Members as one 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 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.
16. 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.
17. 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.
18. 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 Directors, or by one 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 and the amounts paid thereon. 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.
19.
 - (1) Shares must be allotted and certificates despatched within 10 Market Days 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. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within 10 Market Days after lodgement of any transfer. 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 sum as may be approved by the Exchange from time to time). 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 sum as may be approved by the Exchange from time to time) 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.
 - (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 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 Article 40, 44, 48 and 49, *mutatis mutandis*.

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20. (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 sum as may be approved by the Exchange from time to time) 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.
- (2) When any shares under the powers in these Articles 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

21. Subject to these Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors and the Exchange. 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.
22. 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.
23. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
24. (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or 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 give to both the transferor and the transferee written notice of their refusal to register as required by the Act.
- (2) The Directors may decline to register any instrument of registration transfer unless:
- (i) 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, is paid to the Company in respect thereof;
 - (ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which it 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 class of shares.

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25. (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 any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six 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 years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall be conclusively presumed in the 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 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 Article; and
- (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.
26. 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 to the Exchange, stating the period and purpose or purposes for which the closure is made.
27. (1) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.
- (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.

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TRANSMISSION OF SHARES

28. (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.
29. (1) Any 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 may, upon producing such evidence of title as the Directors shall require, 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 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.
- (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 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.
30. 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.
31. 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.

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CALL ON SHARES

32. 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 (whether on account of the nominal value of the shares or by way of premium) and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen 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.
33. 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.
34. 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 ten per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.
35. Any sum (whether on account of the nominal value of the share or by way of premium) 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 these Articles 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 the Articles 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.
36. 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.
37. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money (whether on account of the nominal value of the shares or by way of premium) 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 ten 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

38. 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.
39. The notice shall name a further day (not being less than seven 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.
40. 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 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

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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 these Articles expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.

41. When any share has been forfeited in accordance with these Articles, 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 Article 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.
42. 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.
43. 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.
44. 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 ten 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.
45. 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 and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments 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.
46. 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 along or jointly with any other person, together with interest and expenses (if any).
47. 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 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.

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48. 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.
49. 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.

ALTERATION OF CAPITAL

50. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation of new shares of such amount as may be deemed expedient.
51. Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles 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.
52. (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 amount 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 Article.

(2) Notwithstanding Article 52(1) above but subject to the Act, 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 to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.
53. Except so far as otherwise provided by the conditions of issue or by these Articles, 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 these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

54. (1) The Company may by Ordinary Resolution:-
- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (ii) cancel any shares which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
 - (iii) subdivide its shares or any of them into shares of a smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act), 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 these Articles and the Act, convert any class of shares into any other class of shares.
- (2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange, and other written law, the Company may purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall be cancelled immediately on purchase or acquisition by the Company. 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 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.
55. The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon the cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles, the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled.

STOCK

56. 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.
57. The holders of stock may transfer the same or any part thereof in the same manner and subject to these Articles 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, provided that such units shall not be greater than the nominal amount of the shares from which the stock arose.
58. The holders of stock shall, according to the amount of stock 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 aliquot part of the stock 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.
59. All provisions of these Articles applicable to paid up shares shall apply to stock and the words “share” and “shareholder” or similar expression herein shall include “stock” or “stockholder”.

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Rights in respect of voting

GENERAL MEETINGS

60. (1) Subject to the provisions of the Act and Article 149, 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 months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.
- (2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
61. 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

62. (1) Subject to the provisions of the Act (including those regarding the calling of General Meetings at short notice), any General Meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company, shall be called by twenty-one days’ notice at least and any other general meeting by fourteen days’ notice at least (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given). Every notice calling a General Meeting shall specify the place and the day and the hour of the meeting and be given in a manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions of these Articles entitled to receive such notices of General Meetings from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Notice of all General Meetings shall be given by advertisement in the daily press and in writing to the Exchange and to such other stock exchanges on which the Company is listed.
- (2) The accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.
63. (1) Every notice calling a General Meeting shall specify the place and the day and hour of the 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.
- (2) In the case of an Annual General Meeting, the notice shall also specify the Meeting as such.
- (3) In the case of any General Meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.
64. All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, and any other documents required to be annexed to the balance sheet, electing Directors in place of those retiring by rotation or otherwise and the fixing of the Directors’ remuneration and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

PROCEEDINGS AT GENERAL MEETINGS

65. No business shall be transacted at any General Meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two Members present in person shall form a quorum. For the purpose of this Article, “Member” includes a person attending by proxy or by attorney or as representing a corporation which is a Member. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.
66. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the Meeting shall be dissolved.
67. Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation 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 or more of such Members.
68. The Chairman of the 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 Meeting he is not present within fifteen minutes after the time appointed for holding the Meeting or is unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director is present or if all the Directors present decline to take the Chair, some Member present to be Chairman.
69. The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting), adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. When a meeting is adjourned for fourteen days or more, notice of the adjourned Meeting shall be given as in the case of the original 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 Meeting.
70. At any General Meeting a resolution put to the vote of the 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 meeting; or
 - (ii) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation 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 proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or
 - (iv) by a Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation 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 Meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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.

71. 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 Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
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 Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.
73. Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded 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.
74. A poll demanded on any question shall be taken either a poll immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.
75. The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.
76. 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 each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided that if a Member is represented by two proxies, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents Provided Always That notwithstanding anything contained in these Articles, 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 earlier than 48 hours before that 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 Depositors 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 proxies, to apportion the said number of shares between the two 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 Depositors 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.

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77. Where there are joint holders of any share any one 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 by a representative as if he were solely entitled thereto but if more than one 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 Article be deemed joint holders thereof.
78. If a Member be a lunatic, idiot or non-compos mentis, 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 forty-eight hours before the time appointed for holding the Meeting.
79. Subject to the provisions of these Articles, every Member either personally or by attorney or in the case of a corporation by a representative and every proxy shall be entitled to be present and to vote at any General Meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.
80. 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.
81. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
82. (1) A Member may appoint not more than two proxies to attend and vote at the same General Meeting.
- (2) If the Member is a Depositor, the Company shall be entitled:-
- (i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account 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 in its Securities Account 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.
- (3) Where a Member appoints more than one 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 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, such proxy may not exercise any of the votes or rights of the shares not registered to 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.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

83. 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.
84. Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised 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.
85. The instrument appointing a proxy, together with the 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 Instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding 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 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 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. An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.
86. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles 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.
87. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or 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 a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.

Rights in respect of dividends

DIVIDENDS AND RESERVES

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.
130. Subject to the rights of holders of shares with special rights as to dividend (if any), all dividends shall be declared and paid according to the amounts paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amount paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

131. Notwithstanding Article 130, 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 subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.
132. If the Company issues shares at a premium, whether for cash or otherwise, the Directors shall transfer a sum equal to the aggregate amount or value of the premiums to an account called the “Share Premium Account” and any amount for the time being standing to the credit of such account shall not be applied in the payment of any cash dividend.
133. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
134. 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.
135. 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.
136. The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.
137. 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 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.
138. 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.
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

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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.

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

RESERVES

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 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.

CAPITALISATION OF PROFITS AND RESERVES

142. The Company may, upon the recommendation of the Directors, by Ordinary Resolution resolve that it is desirable to capitalise any sum for the time being standing to the credit of any of the Company’s reserve accounts (including share premium account and any capital redemption reserve funds) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the Members holding shares in the Company in the proportions in which such sum would have been divisible among them had the same been applied or have been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, such shares or debentures to be allotted and distributed and credited as fully paid up to and among such Members in the proportion aforesaid or partly in one way and partly in the other, Provided that a share premium account and a capital redemption reserve fund may only be applied hereunder in the paying up of unissued shares to be issued to Members as fully paid shares. Where any difficulty arises in respect of any such distribution the Directors may settle the same as they think expedient and in particular they may fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any Members on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution and such appointment shall be effective.
- 142A. The Directors shall have the power 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 in full at par unissued shares 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 in such manner and on such terms as the Directors shall think fit.

APPENDIX III – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

143. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby, all allotments and issues of fully paid shares or debentures (if any), and generally shall do all acts and things required to give effect thereto and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members.

APPENDIX IV – FINANCIAL INFORMATION OF THE GROUP

1. SUMMARY FINANCIAL INFORMATION OF THE GROUP

A summary of the audited financial information of the Group for the past three financial years ended FY2014, FY2015 and FY2016 is set out below, which should be read together with the Company's annual report for the relevant FY. Copies of the aforesaid documents are available at www.sgx.com and for inspection at the Company's registered office during normal business hours up to the Closing Date.

2. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2016 S\$	2015 S\$	2014 S\$
Assets			
Non-current			
Property, plant and equipment	43,437,102	16,032,213	2,256,992
Goodwill	2,934,535	2,934,535	97,306
Other intangible assets	6,954,859	6,835,355	–
Associate	259,946	375,784	–
Prepayments	495,989	968,838	1,116,160
	54,082,431	27,146,725	3,470,458
Current			
Inventories	731,339	190,549	318,584
Amounts due from contract customers	12,715,033	6,906,315	8,268,425
Trade and other receivables	24,028,471	26,007,681	18,622,914
Deposits	729,157	601,119	962,291
Prepayments	3,957,952	2,386,622	638,323
Amounts owing by ultimate holding company	–	–	3,362
Amounts owing by related parties	–	55,043	3,642
Cash and cash equivalents	23,779,019	24,268,827	23,881,263
	65,940,971	60,416,156	52,698,804
Total assets	120,023,402	87,562,881	56,169,262
Equity and liabilities			
Equity			
Share capital	50,376,302	38,006,064	14,602,328
Reserves	18,920,237	11,560,530	10,509,701
Equity attributable to owners of the parent	69,296,539	49,566,594	25,112,029
Non-controlling interests	312,590	451,532	489,692
Total equity	69,609,129	50,018,126	25,601,721
Liabilities			
Non-current			
Finance lease obligations	37,388	167,908	181,419
Deferred tax liabilities	809,168	936,516	35,259
	846,556	1,104,424	216,678

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	2016 S\$	2015 S\$	2014 S\$
Current			
Amounts due to contract customers	1,280,842	849,329	1,857,329
Finance lease obligations	24,225	75,405	61,355
Bank borrowings	24,717,329	8,196,140	9,877,465
Loan from ultimate holding company	3,500,000	3,500,000	3,500,000
Amounts owing to ultimate holding company	2,135	5,802	–
Amounts owing to related parties	–	21,961	–
Trade and other payables	19,606,636	23,778,249	14,796,978
Income tax payables	436,550	13,445	257,736
	<u>49,567,717</u>	<u>36,440,331</u>	<u>30,350,863</u>
Total liabilities	<u>50,414,273</u>	<u>37,544,755</u>	<u>30,567,541</u>
Total equity and liabilities	<u>120,023,402</u>	<u>87,562,881</u>	<u>56,169,262</u>

3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	2016 S\$	2015 S\$	2014 S\$
Revenue	96,751,611	96,488,285	78,016,552
Cost of sales	<u>(63,430,009)</u>	<u>(73,188,364)</u>	<u>(55,939,460)</u>
Gross profit	33,321,602	23,299,921	22,077,092
Other items of income			
Other operating income	1,728,411	646,203	566,664
Interest income	62,620	43,141	76,949
Other items of expenses			
Marketing and distribution costs	(2,103,058)	(1,158,537)	(830,713)
Administrative and other operating expenses	(24,923,125)	(21,641,002)	(19,031,950)
Finance costs	(641,290)	(411,277)	(345,106)
Share of results of associate, net of tax	(115,838)	15,784	–
Profit before income tax	<u>7,329,322</u>	<u>794,233</u>	<u>2,512,936</u>
Income tax (expense)/credit	(719,760)	38,880	(198,391)
Profit for the year	<u>6,609,562</u>	<u>833,113</u>	<u>2,314,545</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax amounting to \$Nil (2015 and 2014: \$Nil)	914,513	1,064,810	968,600
Realisation of foreign currency translation reserve upon striking off a subsidiary	22,260	–	–
Total comprehensive income for the year, net of tax	<u>7,546,335</u>	<u>1,897,923</u>	<u>3,283,145</u>

APPENDIX IV – FINANCIAL INFORMATION OF THE GROUP

	2016 S\$	2015 S\$	2014 S\$
Profit attributable to:			
Owners of the parent	6,680,888	871,273	2,344,933
Non-controlling interests	(71,326)	(38,160)	(30,388)
	<u>6,609,562</u>	<u>833,113</u>	<u>2,314,545</u>
Total comprehensive income attributable to:			
Owners of the parent	7,617,407	1,936,083	3,313,533
Non-controlling interests	(71,072)	(38,160)	(30,388)
	<u>7,546,335</u>	<u>1,897,923</u>	<u>3,283,145</u>
Earnings per share (cents)			
Basic	<u>2.83</u>	<u>0.70</u>	<u>2.65</u>
Diluted	<u>2.83</u>	<u>0.70</u>	<u>2.65</u>

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