

CIRCULAR DATED 21 FEBRUARY 2017

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

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

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

If you have sold or transferred all your ordinary shares in the capital of Sunmart Holdings Limited (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, and may not be used for the purpose of, and does not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

YOUR ATTENTION IS DRAWN TO SECTION 14 OF THIS CIRCULAR ENTITLED “INDEPENDENT DIRECTORS’ RECOMMENDATIONS” WHICH YOU SHOULD READ CAREFULLY, TAKING INTO ACCOUNT THE SUSPENSION OF TRADING OF THE SHARES OF THE COMPANY SINCE 19 APRIL 2012.



SUNMART HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration No. 200600432W)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED VOLUNTARY DELISTING OF SUNMART HOLDINGS LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL

Independent Financial Adviser to the Independent Directors of Sunmart Holdings Limited



PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200309056E)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of proxy form	: 6 March 2017 at 9.00 a.m.
Date and time of Extraordinary General Meeting	: 8 March 2017 at 9.00 a.m.
Place of Extraordinary General Meeting	: Seletar Country Club, 101 Seletar Club Road, Kingfisher Room 3, Level 1, Singapore 798273

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CORPORATE INFORMATION

Board of Directors	:	Sun Bingzhong (Executive Chairman & CEO) Wu Guoxing (Executive Director) Tang Teck Choon (Lead Independent Director) Zhou Jianxin (Independent Director) Zhu Ping (Independent Director)
Company Secretary	:	Zhou Jiamin
Registered Office	:	71 Ubi Road 1 #09-41, Oxley BizHub Singapore 408732
Share Registrar and Transfer Office	:	Boardroom Corporate & Advisory Services Pte Ltd 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors in respect of the Exit Offer	:	Provenance Capital Pte. Ltd. 96 Robinson Road #13-01 SIF Building Singapore 068899
Independent Valuer	:	Crowe Horwath (HK) Consulting & Valuation Limited
Legal Adviser to the Company in respect of the Exit Offer	:	Rajah & Tann Singapore LLP 9 Battery Road #25-01 Singapore 049910
Auditors of the Company	:	Nexia TS Public Accounting Corporation Public Accountants and Chartered Accountants 100 Beach Road #30-00 Shaw Tower Singapore 189702

DEFINITIONS

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

“Acceptance Forms”	: FAA and/or FAT, as the case may be
“Affected Directors”	: Sun Bingzhong and Wu Guoxing
“Business Day”	: A day (other than a Saturday, Sunday or public holiday in Singapore) on which commercial banks are open for business in Singapore
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders issued by the Company in relation to the proposed voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual
“Closing Date”	: 5.30 p.m. on 22 March 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgment of acceptances of the Exit Offer
“Code”	: The Singapore Code on Take-overs and Mergers as amended, supplemented or modified from time to time
“Companies Act”	: The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
“Company”	: Sunmart Holdings Limited
“Concert Parties”	: Has the meaning ascribed to it in Section 5.2 of this Circular
“Consolidated Group NTA per Share”	: Consolidated net tangible assets per Share of the Group
“Constitution”	: The constitution of the Company
“CPF”	: Central Provident Fund
“CPF Agent Banks”	: Agent banks included under the CPFIS
“CPFIS”	: Central Provident Fund Investment Scheme
“CPFIS Investors”	: Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Delisting”	: The proposed voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
“Delisting Proposal”	: The proposal presented by the Offeror to the Board to seek the Delisting
“Delisting Proposal Conditions”	: The conditions precedent to the Delisting Proposal as set out in Section 3.2 of this Circular
“Delisting Resolution”	: The resolution to be proposed at the EGM to approve the Delisting

DEFINITIONS

“Directors” or “Board”	: The directors of the Company as at the Latest Practicable Date
“Dissenting Shareholders”	: Shareholders who have not accepted the Exit Offer after the Closing Date
“Distributions”	: Any dividends, rights and other distributions declared, paid or made by the Company in respect of the Shares
“EGM”	: The extraordinary general meeting to be convened by the Company on 8 March 2017 to seek the approval of the Shareholders for the Delisting, notice of which is given on pages 89 to 90 of this Circular
“Encumbrances”	: All claims, liens, equities, mortgages, debentures, pledges, title retention, security interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
“Exit Offer”	: The cash offer made by the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms
“Exit Offer Letter”	: The letter dated 21 February 2017 by the Offeror, to Shareholders in relation to the Exit Offer, as may be amended, revised, supplemented or updated from time to time
“Exit Offer Period”	: The period commencing on the Joint Announcement Date until the date the Exit Offer is declared to have closed or lapsed
“Exit Offer Price”	: S\$0.07 in cash for each Offer Share
“Exit Offer Settlement Date”	: The settlement date in respect of the Offer Shares tendered in acceptance by Shareholders pursuant to the Exit Offer
“FAA”	: Form of Acceptance and Authorisation in respect of the Exit Offer, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are deposited with CDP
“FAT”	: Form of Acceptance and Transfer in respect of the Exit Offer, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are not deposited with CDP
“FY”	: Financial year ended 31 December
“Group”	: The Company and its subsidiaries
“IFA” or “Provenance Capital”	: Provenance Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Exit Offer
“IFA Letter”	: The letter from the IFA setting out its advice to the Independent Directors as set out in Appendix I to this Circular
“Independent Directors”	: Tang Teck Choon, Zhou Jianxin and Zhu Ping, the Directors who are considered independent for the purposes of the Exit Offer

DEFINITIONS

“Independent Valuer”	: Crowe Horwath (HK) Consulting & Valuation Limited, the independent valuer engaged by the Company
“Irrevocable Undertakings”	: The irrevocable undertakings dated 13 October 2016 provided by each of the Undertaking Shareholders to the Offeror
“Joint Announcement”	: The joint announcement dated 30 November 2016 released by the Company and the Offeror, in connection with the Delisting and the Exit Offer
“Joint Announcement Date”	: 30 November 2016, being the date on which the Joint Announcement was made
“Last Trading Day”	: 2 April 2012, being the last full day of trading in the Shares on the SGX-ST prior to the Joint Announcement Date
“Latest Practicable Date”	: 14 February 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time up to the Latest Practicable Date
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Offer Shares”	: All the Shares to which the Exit Offer relates, as more particularly described in Section 1 of this Circular
“Offeror”	: Sun Bingzhong
“Offeror Concert Group”	: Has the meaning ascribed to it in Section 1 of this Circular
“Overseas Shareholders”	: Shareholders whose addresses are outside Singapore, as shown in the Register of Members of the Company or in the records of CDP (as the case may be)
“Record Date”	: In relation to any Distribution, the date on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such Distribution
“Register”	: The register of holders of the Shares, as maintained by the Share Registrar
“Revalued Assets”	: Has the meaning ascribed to it in Section 8.3 of this Circular
“RMB”	: Renminbi, being the lawful currency of the People’s Republic of China
“RNAV”	: Revalued Net Asset Value
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“SGXNET”	: A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)

DEFINITIONS

“Shareholders”	: Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	: Issued and paid-up ordinary shares in the capital of the Company
“Share Registrar”	: Boardroom Corporate & Advisory Services Pte Ltd
“SIC”	: The Securities Industry Council of Singapore
“Substantial Shareholder”	: A person (including a corporation) who has an interest in not less than 5% of the issued voting Shares of the Company
“S\$” and “cents”	: Singapore dollars and cents respectively, being the lawful currency of Singapore
“Top Items”	: Top Items Assets Ltd.
“Undertaking Shareholders”	: Stone Robert Alexander, Toe Teow Teck, Toe Teow Heng and Phillip Ventures Enterprise Fund Ltd
“Valuation Report”	: The valuation report dated 28 November 2016 issued by the Independent Valuer as set out in Appendix IV to this Circular
“VWAP”	: Volume weighted average price of the Shares on the SGX-ST
“%” or “per cent.”	: Percentage or per centum

The term “**acting in concert**” shall have the meaning ascribed to it in the Code, and references to “**concert parties**” shall be construed accordingly.

The term “**associated company**” shall have the meaning ascribed to it in the Listing Manual.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Exit Offer Letter. References to “**Exit Offer Letter**” shall include the Acceptance Forms, unless the context otherwise requires.

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

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

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

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

DEFINITIONS

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

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

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

Total number of issued Shares. References in this Circular to the total number of issued Shares are based on 402,000,000 Shares in issue as at the Latest Practicable Date (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on such date), unless otherwise stated. As at the Latest Practicable Date, the Company does not hold any treasury Shares.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statements subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulating or supervisory body or agency.

INDICATIVE TIMETABLE

Latest date and time for lodgment of proxy form	:	6 March 2017, at 9.00 a.m.
Date and time of EGM	:	8 March 2017, at 9.00 a.m.
Expected Closing Date and time	:	22 March 2017 at 5.30 p.m. or such other date(s) as may be announced from time to time by or on behalf of the Offeror
Expected date for the Delisting	:	3 April 2017 or such other date(s) as may be announced from time to time by the Company
Expected date for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	Within seven (7) Business Days: (a) after the Delisting Resolution has been passed at the EGM (where valid acceptances of the Exit Offer are tendered on or prior to the date of the Delisting Resolution being passed at the EGM); or (b) after the date of receipt of valid acceptances of the Exit Offer (where such acceptances are tendered after the Delisting Resolution has been passed at the EGM but before the close of the Exit Offer)

Shareholders should note that, save for the last date and time for lodgment of proxy forms for the EGM and the date and time of the EGM, the above timetable is indicative only and may be subject to change. For events listed above which are described as “expected”, please refer to future announcement(s) by or on behalf of the Company and/or the Offeror via SGXNET for the exact dates and times of such events.

PLEASE NOTE THAT THE EXIT OFFER IS CONDITIONAL UPON THE DELISTING RESOLUTION BEING PASSED AT THE EGM. PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75% OF THE TOTAL NUMBER OF SHARES HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND IF THE DELISTING RESOLUTION HAS NOT BEEN VOTED AGAINST BY 10% OR MORE OF THE TOTAL NUMBER OF SHARES HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY, AT THE EGM. IF THIS CONDITION IS NOT SATISFIED AT THE EGM TO BE CONVENED, THE DELISTING WILL NOT PROCEED; THE COMPANY WILL REMAIN LISTED ON THE SGX-ST; AND THE EXIT OFFER WILL LAPSE.

PLEASE ALSO NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO THE ACCEPTANCE PROCEDURES SET OUT IN APPENDIX I TO THE EXIT OFFER LETTER IF YOU WISH TO ACCEPT THE EXIT OFFER.

LETTER TO SHAREHOLDERS

SUNMART HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration No.: 200600432W)

Directors:

Sun Bingzhong (*Executive Chairman and CEO*)
Wu Guoxing (*Executive Director*)
Tang Teck Choon (*Lead Independent Director*)
Zhou Jianxin (*Independent Director*)
Zhu Ping (*Independent Director*)

Registered Office:

71 Ubi Road 1
#09-41
Oxley BizHub
Singapore 408732

21 February 2017

To: The Shareholders of the Company

Dear Sir / Madam

PROPOSED VOLUNTARY DELISTING OF SUNMART HOLDINGS LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

On 30 November 2016, the Company and the Offeror jointly announced that the Offeror had presented the Delisting Proposal to the Company to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Under the terms of the Delisting Proposal, the Offeror will make the Exit Offer in cash, to acquire all the issued Shares, other than those Shares held in treasury (if any) and those Shares already owned, controlled or agreed to be acquired by the Offeror and his concert parties (collectively, **"Offeror Concert Group"**) (**"Offer Shares"**).

The Directors, having considered the Delisting Proposal, have resolved to make an application to the SGX-ST for approval of the Delisting, and to convene the EGM to seek the approval of Shareholders for the Delisting.

The purpose of this Circular is to provide Shareholders with information relating to the Delisting Proposal and the Exit Offer, and to seek Shareholders' approval at the EGM for the Delisting Resolution to be passed.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. The Delisting Proposal and the Exit Offer are conditional upon, *inter alia*, (a) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; (b) the Delisting Resolution being passed at the EGM; and (c) the ruling given by SIC waiving the requirement for compliance of the Exit Offer with certain provisions of the Code. Please refer to Section 3.2 of this Circular for further details on the Delisting Proposal Conditions.

Subject to the satisfaction of the Delisting Proposal Conditions, the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer.

2.1 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an EGM to obtain Shareholders' approval of the Delisting Resolution;

LETTER TO SHAREHOLDERS

- (b) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the Directors and controlling Shareholders are not required to abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution is not voted against by 10% or more of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the Official List of the SGX-ST:

- (i) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and
- (ii) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.2 Application to the Securities Industry Council

As stated in the Exit Offer Letter, an application was made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Code apply to the Exit Offer. Please refer to Section 10 of the Exit Offer Letter for the rulings of the SIC.

2.3 Application to the SGX-ST

On 2 February 2017, the SGX-ST informed the Company that, based on the information provided by the Company to the SGX-ST, it has no objection to the Company's application for the Delisting (the "**SGX Approval**"), subject to approval by Shareholders at the EGM in compliance with Rule 1307 of the Listing Manual. The SGX Approval is not to be taken as an indication of the merits of the Delisting, the Exit Offer, the Company and/or its subsidiaries.

2.4 Exit Offer Letter

The Exit Offer Letter (including the Acceptance Forms) have been despatched, together with this Circular, to the Shareholders with Singapore addresses as shown in the Register of Members of the Company or as the case may be, in the Depository Register.

3. THE EXIT OFFER

As stated in the Exit Offer Letter, the Offeror will make the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Form(s).

3.1 Terms of the Exit Offer

As stated in the Exit Offer Letter, the Offeror will make the Exit Offer for the Offer Shares on the basis set out below.

The offer price for each Offer Share will be **S\$0.07** in cash ("**Exit Offer Price**").

The Offeror does not intend to revise the Exit Offer Price.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer. Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. Each Shareholder who accepts the Exit Offer will receive S\$7.00 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

LETTER TO SHAREHOLDERS

The Offer Shares will be acquired fully paid and free from all Encumbrances, and together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions, if any, as at the Record Date which may fall on or after the Joint Announcement Date.

Without prejudice to the generality of the foregoing, if any Distribution is made as at the Record Date for which falls on or after the Joint Announcement Date, then the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the Exit Offer Settlement Date falls:

- (a) If the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholder the unadjusted Exit Offer Price of S\$0.07 in cash for each Offer Share, as the Offeror will receive the Distribution of such Offer Share from the Company; and
- (b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered will be reduced by an amount which is equal to the Distribution in respect of such Offer Share, as the Offeror will not receive such Distribution from the Company.

The Exit Offer is extended, on the same terms and conditions, to all the Offer Shares.

3.2 Conditions

As stated in the Exit Offer Letter, the Delisting Proposal and Exit Offer will be conditional on:

- (a) receipt of the requisite approval of the SGX-ST for the Delisting;
- (b) the Delisting Resolution being approved by at least 75% of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for Shareholders to vote on the Delisting Resolution (the Offeror Concert Group, Directors and controlling Shareholders need not abstain from voting on the Delisting Resolution),
- (c) the Delisting Resolution not being voted against by 10% or more of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM; and
- (d) the rulings of the SIC, as further described in Section 10 of the Exit Offer Letter, being obtained from the SIC and such rulings not being revoked, rescinded or cancelled prior to the close of the Exit Offer,

(collectively, “**Delisting Proposal Conditions**”).

If the Delisting Proposal Conditions are not fulfilled, the Exit Offer will lapse and the Company will remain listed on the SGX-ST.

Pursuant to Rule 1307 of the Listing Manual, all Shareholders (including the Offeror Concert Group, Directors and controlling Shareholders) are entitled to vote on the Delisting Resolution.

As at the Latest Practicable Date, the Offeror and parties acting in concert with him hold in aggregate 290,616,543 Shares⁽¹⁾, representing approximately 72.29% of the total number of issued Shares.

(1) These comprise 4,068,000 Shares directly held by the Offeror, 280,129,543 Shares directly held by Top Items (being a company effectively controlled by the Offeror and which is therefore a party deemed to be acting in concert with the Offeror) and 6,419,000 Shares directly held by Chen Wentao (being the son-in-law of the Offeror and is acting in concert with the Offeror), as at the Latest Practicable Date.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Offeror Concert Group intends to vote all of the above Shares in favour of the Delisting Resolution at the EGM. Further, as at the Latest Practicable Date, the Offeror has also obtained Irrevocable Undertakings from each of the Undertaking Shareholders, who collectively own or control an aggregate of 42,070,457 Shares (representing approximately 10.47% of the total number of issued Shares), to, *inter alia*, (a) vote in favour of the Delisting Resolution; (b) accept the Exit Offer in respect of the aforementioned Shares held by them; and (c) not to transfer, sell or otherwise dispose of any of those Shares during the period of their respective Irrevocable Undertakings.

Accordingly, as at the Latest Practicable Date, an aggregate of 332,687,000 Shares, representing approximately 82.76% of the total number of issued Shares, will be voted in favour of the Delisting Resolution at the EGM.

3.3 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. However, such acceptances would be conditional upon all of the Delisting Proposal Conditions being satisfied. If one or more of the Delisting Proposal Conditions are not satisfied, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

As stated above, Shareholders are to note that if the Delisting Proposal Conditions are not fulfilled, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

3.4 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him, as or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions, if any, which may be declared, paid or made by the Company on or after the Joint Announcement Date).

3.5 Duration

As stated in the Exit Offer Letter, Shareholders may choose to accept the Exit Offer from the date of despatch of the Exit Offer Letter before the EGM. However, such acceptances would be conditional on the Delisting Proposal Conditions being satisfied, including the Delisting Resolution being approved at the EGM. If the Delisting Resolution is not approved at the EGM, and the Delisting Proposal Conditions are not fulfilled, the conditions to the Delisting and the Exit Offer will not be satisfied; the Exit Offer will lapse; and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

If the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance by Shareholders for a period of at least 14 days after the date of the announcement of Shareholders' approval of the Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. on 22 March 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror ("**Closing Date**").

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

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4. IRREVOCABLE UNDERTAKINGS

4.1 Irrevocable Undertakings

The Offeror has obtained irrevocable undertakings from each of the Undertaking Shareholders to, *inter alia*:

- (a) vote in favour of the Delisting Resolution;
- (b) accept the Exit Offer in respect of all Shares held by each of them as set out in the table below; and
- (c) not transfer, sell or otherwise dispose of any of their Shares during the period of their respective Irrevocable Undertakings.

As at the Latest Practicable Date, the shareholdings of the Undertaking Shareholders in the Company that are subject to the Irrevocable Undertakings are as follows:

Name of Shareholder	Number of Shares	Shareholding Percentage (%)
Stone Robert Alexander	27,200,000	6.77
Toe Teow Teck	2,000,000	0.50
Toe Teow Heng	1,100,000	0.27
Phillip Ventures Enterprise Fund Ltd (in members' voluntary liquidation)	11,770,457	2.93
Total	42,070,457	10.47

4.2 Duration of Irrevocable Undertakings

Each of the Irrevocable Undertakings is irrevocable and will continue to be binding unless the Delisting Proposal Conditions are not satisfied and the Exit Offer lapses.

4.3 No other Irrevocable Undertakings

As stated in Section 3 of the Exit Offer Letter, based on the latest information available to the Offeror as at the Latest Practicable Date, and save as disclosed in Section 4.1 of this Circular, none of the members of the Offeror Concert Group has received any irrevocable undertaking from any party to vote for or against the Delisting Resolution and/or to accept or reject the Exit Offer.

5. INFORMATION ON THE OFFEROR AND HIS CONCERT PARTIES

5.1 The Offeror

The Offeror is the Executive Chairman and Chief Executive Officer of the Group. He is the founder of the Group and is in charge of the overall business operations of the Group. He has accumulated over 20 years of management experience in the spray products business and has received various awards in recognition of his achievements and contributions, including the China Top CIO Award 2005 and the China Outstanding Packaging Entrepreneur award.

As at the Latest Practicable Date, the Offeror holds 4,068,000 Shares, representing approximately 1.01% of the total number of Shares.

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5.2 Parties acting in concert with the Offeror

As at the Latest Practicable Date, the following persons are deemed to be acting in concert with the Offeror ("**Concert Parties**"):

- (a) Top Items, which is 88.89% held by the Offeror and 11.11% held by Wu Guoxing, a director of the Company; and
- (b) Chen Wentao, being the Offeror's son-in-law.

As at the Latest Practicable Date, shareholdings of the Offeror Concert Group in the Company are as follows:

Name of Shareholder	Number of Shares held	Shareholding Percentage (%)
Sun Bingzhong	4,068,000	1.01
Top Items	280,129,543	69.68
Chen Wentao	6,419,000	1.60
Total	290,616,543	72.29

Please refer to Sections 5.2 and 12 of the Exit Offer Letter for further details on the shareholding and interests and dealings disclosures of the Offeror and its Concert Parties.

6. INFORMATION ON THE COMPANY

6.1 Corporate Information on the Company

The Company is a company incorporated in Singapore on 9 January 2006 and is listed on the Mainboard of the SGX-ST. The Group is principally engaged in the production and sale of a wide range of spray products comprising primarily of spray pumps, aluminium cans and plastic bottles that are used in the packaging of fast-moving consumer goods, pharmaceutical products and health supplements.

As at the Latest Practicable Date, the Board consists of:

- (a) Sun Bingzhong (Executive Chairman and Chief Executive Officer);
- (b) Wu Guoxing (Executive Director);
- (c) Tang Teck Choon (Lead Independent Director);
- (d) Zhou Jianxin (Independent Director); and
- (e) Zhu Ping (Independent Director).

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 402,000,000 Shares and market capitalisation of approximately S\$46.2 million (based on its closing price as of the Last Trading Day).

As at the Latest Practicable Date, the Company does not hold any treasury shares and has not issued any instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

Additional information on the Company and the Group is set out in **Appendix II** to this Circular.

LETTER TO SHAREHOLDERS

6.2 Summary of Financial Information on the Group

A summary of the audited financial results of the Group for FY 2014 and FY 2015 and the unaudited interim financial results for nine (9) months period ended 30 September 2016 ("9M 2016") is set out below.

RMB'000	← Audited →		Unaudited
	FY 2014	FY 2015	9M 2016
Revenue	311,963	316,354	255,286
Gross profit	58,614	60,067	37,186
Other income	12,528	9,675	2,689
Expenses	(69,888)	(54,567)	(138,878)
Share of results of an associated company	732	(1,279)	–
Profit/(Loss) before income tax	1,986	13,896	(99,003)
Income tax	–	–	–
Profit/(Loss) after income tax	1,986	13,896	(99,003)

Source: The Company's annual report for FY 2015, and the Company's unaudited financial results announcements for FY 2014, FY 2015, the first quarter ended 31 March 2016, the second quarter ended 30 June 2016 and 9M 2016

A summary of the audited financial position of the Group as at 31 December 2015 and the unaudited financial position of the Group as at 30 September 2016 is set out below.

RMB'000	Audited As at 31 December 2015	Unaudited As at 30 September 2016
<u>Current assets</u>		
Inventories	54,997	49,727
Trade and other receivables	183,519	113,834
Cash and cash equivalents	110,549	91,066
	349,065	254,627
<u>Non-current assets</u>		
Property, plant and equipment	342,135	311,833
Investment property	22,626	22,164
Land use rights	24,100	23,650
Investment in an associated company	29,453	29,453
	418,314	387,100
Total assets	767,379	641,727

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RMB'000	Audited As at 31 December 2015	Unaudited As at 30 September 2016
<u>Current liabilities</u>		
Trade and other payables	79,701	68,655
Borrowings	395,939	382,350
	475,640	451,005
<u>Non-current liabilities</u>		
Borrowings	2,015	–
	2,015	–
Total liabilities	477,655	451,005
<u>Equity</u>		
Share Capital	155,184	155,184
Translation reserve	(193)	(193)
Merger deficit	(587)	(587)
Statutory reserve fund	32,467	32,467
Retained profits	102,853	3,851
Equity/ NAV	289,724	190,722
Number of Shares	402,000,000	402,000,000
NAV per Share (RMB)	0.72	0.47

Source: The Company's annual report for FY 2015, and the Company's unaudited financial results announcement for 9M 2016

Please refer to **paragraph 5 of Appendix II** of this Circular for further information on the financial information on the Group.

A summary of the net book value of the Revalued Assets and the market value arrived at by the Independent Valuer as well as the resulting revaluation surpluses/(deficits) is as set out below.

RMB'000	Net book value as at 30 September 2016	Market Value	Revaluation surplus / (deficit)
(i) Leasehold buildings	225,959	148,900	(77,059)
(ii) Plant & equipment	85,874	76,780	(9,094)
(iii) Investment property	22,164	34,000	11,836
(iv) Land use rights	23,650	67,100	43,450
Total	357,647	326,780	(30,867)

Source: Valuation Report

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7. RATIONALE FOR DELISTING AND THE OFFEROR'S INTENTIONS

The rationale for the Delisting and the Offeror's intentions for the Company have been extracted from Sections 7 and 8 of the Exit Offer Letter and are reproduced below.

“7.1 Opportunity to Realise Investments

Through this Delisting Proposal and Exit Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration, without incurring any brokerage and other trading costs, an option which may not otherwise be readily available due to the suspension of trading of the Shares since 9 April 2012 (“Suspension”).

The following table benchmarks the Exit Offer Price against the market prices of the Shares on the SGX-ST prior to the Suspension:

Description ⁽¹⁾	Share Price (S\$)	Premium/ (Discount) over/ (to) Share Price⁽²⁾ (%)
<i>Last transacted price per Share on the Last Trading Day</i>	<i>0.115</i>	<i>(39.13)</i>
<i>VWAP for the one (1)-month period prior to and including the Last Trading Day</i>	<i>0.115</i>	<i>(39.13)</i>
<i>VWAP for the three (3)-month period prior to and including the Last Trading Day</i>	<i>0.112</i>	<i>(37.50)</i>
<i>VWAP for the six (6)-month period prior to and including the Last Trading Day</i>	<i>0.106</i>	<i>(33.96)</i>
<i>VWAP for the twelve (12)-month period prior to and including the Last Trading Day</i>	<i>0.153</i>	<i>(54.25)</i>

Source: Bloomberg L.P.

Notes:

(1) *The VWAP is calculated based on the total value of transactions divided by the total volume transacted for the respective periods.*

(2) *Computed based on the Share prices which were rounded to the nearest three (3) decimal places.*

7.2 Low Trading Liquidity of the Shares prior to the Suspension

The trading liquidity of the Shares has been generally thin. The average daily trading volume of the Shares for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods prior to and including the Last Trading Day are as follows:

Period prior to and including the Last Trading Day	Average Daily Trading Volume⁽¹⁾ ('000)	Approximate percentage of total number of Shares (%)
<i>1-month</i>	<i>5,905</i>	<i>0.001%</i>
<i>3-month</i>	<i>32,381</i>	<i>0.008%</i>
<i>6-month</i>	<i>62,408</i>	<i>0.016%</i>
<i>12-month</i>	<i>279,864</i>	<i>0.070%</i>

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Source: Bloomberg L.P.

Note:

- (1) *The average daily trading volume is computed based on the total trading volume of the Shares for all Market Days (including Market Days when no Shares were traded, excluding off-market transactions) for the relevant periods immediately prior to and including the Last Trading Day, divided by the total number of Market Days during the respective periods.*

7.3 Greater Management Flexibility

The Offeror believes that the Delisting will provide the management of the Company with greater flexibility to manage and develop the existing businesses of the Group while exploring opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

7.4 Compliance Costs of Maintaining Listing Status

The Company incurs additional compliance and associated costs in maintaining the Company's listing status on the SGX-ST. As a non-listed entity, the Group will be able to (a) achieve cost-savings by dispensing with costs associated with complying with SGX-ST listing requirements and other regulatory requirements as well as human resources that have to be committed for such compliance; and (b) focus its resources on its business operations.

7.5 No Present Need for Access to Singapore Capital Markets

The Company has not carried out any exercise to raise cash funding on the SGX-ST in the past five (5) years and it is unlikely that the Company will require access to the Singapore capital markets to finance its operations in the foreseeable future. Accordingly, it is not necessary for the Company to maintain a listing on the SGX-ST.

8. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror has no current intention of (a) making major changes to the Company's existing businesses; (b) re-deploying of the Company's fixed assets; or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider and evaluate options or opportunities in relation to the Group which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company."

8. FINANCIAL ASPECTS OF THE EXIT OFFER

8.1 Closing prices of the Shares

The table below sets out the (a) closing prices of the Shares on the SGX-ST on the last trading day (being the day on which there were trades in respect of the Shares) on a monthly basis from October 2011 to March 2012 (being six (6) calendar months prior to the Suspension) and the aggregate trading volume of the Shares for the respective months and (b) closing price and aggregate trading volume of the Shares on 2 April 2012, being the Last Trading Day.

Month	Last closing price (S\$)	Total trading volume
October 2011	0.110	3,360,000
November 2011	0.113	1,578,000
December 2011	0.100	823,000
January 2012	0.100	853,000
February 2012	0.105	1,049,000
March 2012	0.098	14,000
2 April 2012	0.115	124,000

Source: Bloomberg L.P.

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8.2 Highest and lowest prices of the Shares

The highest and lowest closing prices of the Shares on the SGX-ST during the period commencing six (6) calendar months prior to the Last Trading Day and ending on the Last Trading Day (being 2 October 2011 to 2 April 2012 (both dates inclusive)) are set out below.

	Price (S\$)	Date(s) transacted
Highest closing price	0.125	6 Feb 2012
Lowest closing price	0.083	6 Oct 2011

Source: Bloomberg L.P.

8.3 Valuation

In connection with the Exit Offer, the Group has commissioned the Independent Valuer to review the value of certain real estate, machinery and equipment held by the Company and its subsidiaries ("**Revalued Assets**") in the People's Republic of China to calculate the RNAV of the Group as at 30 September 2016. After discussions between the Independent Valuer and the Company in relation to the materiality of the balance sheet items to the overall transaction, i.e. the Delisting and the Exit Offer, all the tangible assets held by the Group (save for certain balance sheet items) were selected as Revalued Assets. The remaining balance sheet items not included as Revalued Assets make up about 50.92% of the Company's total assets, and relate to non-current assets (comprising mainly investment in associates) and current assets (comprising inventories, trade receivables and cash and cash equivalent). The Group does not own any intangible assets. The above items have been covered in the unaudited consolidated financial statements of the Group for the third quarter ended 30 September 2016. The Directors are satisfied with the selection of the Revalued Assets in respect of the Valuation Report.

The Valuation Report is set out in **Appendix IV** to this Circular. Based on the Valuation Report, the Market Value for the Revalued Assets is approximately RMB326.78 million as at 30 September 2016. "Market Value" has been defined in the Valuation Report as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion". The Independent Valuer has confirmed that the RNAV of the Revalued Assets would not be materially different if the valuation was conducted on the Latest Practicable Date.

Having regard to (a) the Independent Valuer's assessment of the fair value of the RNAV; and (b) the Group not having immediate plans for a material disposal of its assets, no potential tax liability (arising from an asset sale at the amount of the valuation) would be crystallised in respect of the Group's assets.

In this regard, the Board, in commissioning the valuation by the Independent Valuer, had also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 September 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 30 September 2016. To the best of their knowledge and belief, the Directors are of the opinion that as at the Latest Practicable Date:

- (a) save as disclosed above, there are no material differences between the realisable values of the Group's assets and their respective book values as at 30 September 2016 which would have a material impact on the NAV of the Group;
- (b) other than that already provided for or disclosed in the Group's financial statements as at 30 September 2016, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;

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- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (e) there are no material acquisitions or disposals of assets by the Group between 30 September 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 its material assets or material change in the nature of the Group's business.

9. IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS

9.1 Implications of Delisting for Shareholders

Shareholders should note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual, and if all of the Delisting Proposal Conditions are satisfied, the Company will be delisted. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies, or as compared with the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six months of the close of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Company's Constitution.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with the CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Company's Share Registrar will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.

Shareholders who are in doubt of their position should seek independent legal advice.

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9.2 Compulsory Acquisition of Shares by the Offeror

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the total issued Shares (other than those already held by the Offeror, his related corporations and their respective nominees as at the date of the Exit Offer), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**") at a price equal to the Exit Offer Price.

In the event that the Offeror becomes entitled to exercise his right of compulsory acquisition pursuant to Section 215(1) of the Companies Act, it is the intention of the Offeror to exercise such right and to proceed to privatise and delist the Company from the SGX-ST.

In addition, Shareholders who have not accepted the Exit Offer 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, his related corporations and/or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, his related corporations and/or their respective nominees, comprise 90% or more of the total issued Shares.

In the event that the Delisting is approved by Shareholders at the EGM but neither the Offeror nor the Dissenting Shareholders are entitled to exercise their rights under Section 215(1) and 215(3) of the Companies Act, respectively, the Company will be delisted, and the Dissenting Shareholders will be left holding Shares in an unlisted company.

Shareholders who are in doubt of their position under Section 215(1) and (3) of the Companies Act are advised to seek their own independent legal advice.

10. CONFIRMATION OF FINANCIAL RESOURCES

As stated in the Exit Offer Letter, UOB Kay Hian Private Limited, the financial adviser to the Offeror in respect of the Exit Offer, had confirmed that the Offeror has sufficient financial resources to satisfy full acceptance of the Exit Offer for the Offer Shares at the Exit Offer Price.

11. NO COMPETING OFFER RECEIVED

As at the Latest Practicable Date, no competing offer has been received by the Company.

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The table below sets out the Directors' and Substantial Shareholders' interests in the Company as at the Latest Practicable Date, based on the information in the Register of Directors' Shareholdings and the Register of Substantial Shareholders, respectively.

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾
Directors						
Sun Bingzhong ⁽²⁾	4,068,000	1.01	280,129,543	69.68	284,197,543	70.70
Wu Guoxing	—	—	—	—	—	—
Tang Teck Choon	—	—	—	—	—	—
Zhou Jianxin	—	—	—	—	—	—
Zhu Ping	—	—	—	—	—	—
Substantial Shareholders (excluding Directors)						
Top Items	280,129,543	69.68	—	—	280,129,543	69.68
Robert Alexander Stone	24,124,000	6.00	—	—	24,124,000	6.00

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Notes:

- (1) Calculated based on 402,000,000 issued Shares as at the Latest Practicable Date.
- (2) Sun Bingzhong is deemed to be interested in the Shares held by Top Items by virtue of his equity interest in Top Items pursuant to Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).

Save as disclosed, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Delisting or the Exit Offer.

13. ADVICE OF IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE EXIT OFFER

13.1 IFA

The IFA, Provenance Capital Pte. Ltd., has been appointed as the independent financial adviser to the Independent Directors in relation to the Exit Offer. The IFA Letter setting out the IFA's advice to the Independent Directors is set out in **Appendix I** to this Circular. Shareholders are advised to read and consider the IFA Letter in its entirety.

13.2 IFA's Advice

Information relating to the advice of the IFA to the Independent Directors in relation to the Exit Offer and the key factors it has taken into consideration have been extracted from Section 9 of the IFA Letter (and reproduced below), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated therein.

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

- (a) Market quotation and trading activity of the Shares;***
- (b) Financial analysis of the Group;***
- (c) Comparison with recently completed delisting of companies listed on the SGX-ST;***
- (d) Comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group;***
- (e) Dividend track record of the Company; and***
- (f) Other relevant considerations in relation to the Exit Offer which may have a significant bearing on our assessment.***

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the view that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of the Shareholders. Accordingly, we advise the Independent Directors to recommend to the Shareholders to vote in favour of the Delisting Resolution at the EGM and to ACCEPT the Exit Offer.

As the trading of the Shares have been suspended, Shareholders should note that pursuant to Rule 729 of the Listing Manual, there must not be any transfers of the Shares unless approved by the SGX-ST. This being so, the Exit Offer is presently the only available option to Shareholders who wish to exit their investment in the Company.

If entitled to do so, Shareholders should exercise their rights to require the Offeror to acquire their Shares under Section 215(3) of the Companies Act. Shareholders who decide to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent advice."

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For completeness of disclosure, the Independent Directors wish to further highlight the financial analysis of the Group by the IFA as extracted from Section 8.2.2 of the IFA Letter (and reproduced below). Shareholders should read the following extract in conjunction with the IFA Letter in its entirety.

“Based on the Group’s unaudited NAV of RMB190.72 million (S\$39.60 million) as at 30 September 2016, the Exit Offer Price values the Group on a P/NAV ratio of approximately 0.71 times, that is, the Exit Offer Price is at a discount of 28.9% to the NAV per Share.

Based on the Group’s RNAV of RMB159.86 million (S\$33.19 million) as at 30 September 2016, the Exit Offer Price values the Group on a P/RNAV ratio of approximately 0.85 times, that is, the Exit Offer Price is at a discount of 15.2% to the RNAV per Share.

In our evaluation of the financial terms of the Exit Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 September 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 30 September 2016.

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

- (a) save as disclosed above, there are no material differences between the realisable values of the Group’s assets and their respective book values as at 30 September 2016 which would have a material impact on the NAV of the Group;***
- (b) other than that already provided for or disclosed in the Group’s financial statements as at 30 September 2016, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;***
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;***
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and***
- (e) there are no material acquisitions or disposals of assets by the Group between 30 September 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 its material assets or material change in the nature of the Group’s business.”***

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14. INDEPENDENT DIRECTORS' RECOMMENDATIONS

All the Independent Directors are independent for purposes of the Exit Offer and are required to make a recommendation to Shareholders in respect of the Exit Offer. The SIC has ruled on 30 November 2016, *inter alia*, that the Affected Directors, being the Offeror and Wu Guoxing, being part of the Offeror Concert Group, are exempted from the requirement under the Code to make a recommendation to Shareholders on the Exit Offer and the Delisting. The Affected Directors, however, must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer and the Delisting.

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of the IFA contained in the IFA Letter as reproduced in **Appendix I** to this Circular in its entirety. The Independent Directors would also like to draw the attention of the Shareholders to Section 9 of this Circular entitled "*Implications of Compulsory Acquisition and Delisting for Shareholders*".

The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in its letter set out in **Appendix I** to this Circular. The Independent Directors concur with the advice of the IFA in respect of the Exit Offer. Accordingly, the Independent Directors recommend that Shareholders should **VOTE IN FAVOUR** of the Delisting Resolution.

In relation to the Exit Offer and in the event that the Delisting Resolution is passed, the Independent Directors recommend that Shareholders who are not prepared to accept the implications and consequences of holding shares in an unlisted company or the uncertainties relating to the future prospects of the Group (taking into consideration the Offeror's stated intentions) should either (a) **ACCEPT** the Exit Offer; or (b) **SELL** their Shares in the open market if they are able to obtain a price higher than the Exit Offer Price net of related expenses (such as brokerage and trading costs) (bearing in mind that the Shares have been suspended from trading since 9 April 2012 and that pursuant to Rule 729 of the Listing Manual, when the trading of the Shares are suspended, there must not be any transfer of the Shares unless otherwise approved by the SGX-ST).

In rendering the above opinion and giving the above recommendations, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that an individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Directors advise that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

15. OVERSEAS SHAREHOLDERS

This Circular does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Circular in any jurisdiction in contravention of applicable law and regulation. The Exit Offer will be made solely by the Exit Offer Letter and the relevant Acceptance Forms accompanying the Exit Offer Letter, which contain the full terms and conditions of the Exit Offer, including details of how the Exit Offer may be accepted.

The ability of Shareholders who are not resident in Singapore to accept the Exit Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements. Overseas Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions. Please refer to Section 13 of the Exit Offer Letter for the points to be noted by Overseas Shareholders in relation to the Exit Offer.

LETTER TO SHAREHOLDERS

16. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 89 and 90 of this Circular, will be held at Seletar Country Club, 101 Seletar Club Road, Kingfisher Room 3, Level 1, Singapore 798273 on 8 March 2017 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modification, the Delisting Resolution as set out in the Notice of EGM.

17. ACTION TO BE TAKEN BY SHAREHOLDERS

17.1 Proxy Form

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the office of the Company's registered office at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732, not later than 48 hours before the time fixed for the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat. A Depositor who wishes to attend and vote at the EGM and whose name appears on the Depository Register maintained by the CDP not less than 72 hours before the EGM, may attend as CDP's proxy.

17.2 Exit Offer Letter and Acceptance Forms

The Exit Offer Letter and the relevant Acceptance Forms have been despatched together with this Circular. Depositors whose Securities Accounts are credited with the Offer Shares can also collect the FAA during normal business hours within the Exit Offer Period from CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Shareholders who hold Offer Shares represented by share certificate(s) can collect the FAT during normal business hours within the Exit Offer Period from the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Electronic copies of this Circular, the Exit Offer Letter and the Acceptance Forms are also available on SGXNET. Shareholders should note that if the Delisting Resolution is not approved at the EGM, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

17.3 Accepting the Exit Offer

Subject to the Delisting Resolution being approved at the EGM, to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form. Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in **Appendix I** to the Exit Offer Letter.

17.4 Not Accepting the Exit Offer

If you decide not to accept the Exit Offer, you do not need to take any action. In the event that the Delisting Resolution is approved by Shareholders and the Company is delisted from the Official List of the SGX-ST, you will continue to hold Shares in the Company as an unlisted company. If you hold Shares that are deposited with CDP, share certificates in respect of your Shares that are deposited with CDP will be sent, by ordinary mail and at your own risk, to your mailing address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.

17.5 Information pertaining to CPFIS Investors

Information on the Exit Offer pertaining to CPFIS Investors is set out in Section 14 of the Exit Offer Letter.

LETTER TO SHAREHOLDERS

18. RESPONSIBILITY STATEMENTS

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed herein (other than those relating to the Offeror and parties acting in concert with it) are fair and accurate and that there are no other material facts not contained in this Circular, 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 publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular. The Directors jointly and severally accept responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Delisting and the Group are fair and reasonable in all material respects.

19. CONSENTS

The IFA, Provenance Capital Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter and all references to them and its name in the form and context in which they appear in this Circular.

The Independent Valuer, Crowe Horwath (HK) Consulting & Valuation Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Report and all references to them and its name in the form and context in which they appear in this Circular.

The Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which they appear in this Circular.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732 during normal business hours, from the date of this Circular until the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY 2013, FY 2014 and FY 2015;
- (c) the unaudited consolidated financial statements of the Group for nine (9) months ended 30 September 2016;
- (d) the Joint Announcement;
- (e) the Exit Offer Letter;
- (f) the IFA Letter; and
- (g) the letters of consent referred to in Section 19 of this Circular.

LETTER TO SHAREHOLDERS

21. ADDITIONAL INFORMATION

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

Yours faithfully,

For and on behalf of the Board of Directors
SUNMART HOLDINGS LIMITED

Sun Bingzhong
Executive Chairman and Chief Executive Officer

APPENDIX I – IFA LETTER

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

21 February 2017

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

Mr Tang Teck Choon (Lead Independent Director)
Mr Zhou Jianxin (Independent Director)
Mr Zhu Ping (Independent Director)

Dear Sirs,

THE PROPOSED VOLUNTARY DELISTING OF SUNMART HOLDINGS LIMITED

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 21 February 2017 (“Circular”). For the purpose of our IFA Letter, where applicable, we have used the foreign exchange rate of S\$1.00 : RMB4.816 on 30 November 2016, being the last trading day before the release of the Joint Announcement. The above foreign exchange rate is extracted from published information by Bloomberg L.P. and is provided solely for information only.

1. INTRODUCTION

- 1.1 On 30 November 2016 (“**Announcement Date**”), Sunmart Holdings Limited (“**Company**” and its subsidiaries, the “**Group**”) and Mr Sun Bingzhong (“**Offeror**”) jointly announced (“**Joint Announcement**”) that the Offeror had presented to the directors of the Company (“**Directors**”), a formal proposal (“**Delisting Proposal**”) to seek the voluntary delisting of the Company (“**Delisting**”) from the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST (“**Listing Manual**”).

Under the Delisting Proposal, the Offeror will make an exit offer (“**Exit Offer**”) in cash of S\$0.07 per share (“**Exit Offer Price**”), to acquire all the issued ordinary shares in the capital of the Company (“**Shares**”), other than those Shares held in treasury (if any) and those Shares already owned, controlled or agreed to be acquired by the Offeror and its concert parties (collectively, “**Offeror Concert Group**”) (“**Offer Shares**”).

The Directors, having considered the Delisting Proposal, have resolved to make an application to the SGX-ST for the approval of the Delisting, and to convene the extraordinary general meeting (“**EGM**”) to seek the approval of Shareholders for the Delisting.

- 1.2 The Offeror is the Executive Chairman and Chief Executive Officer of the Company. The Offeror is the founder of the Group and is in charge of the overall business operations of the Group with over 20 years of management experience in the spray products business.

As at the Latest Practicable Date, the Offeror holds 4,068,000 Shares, representing 1.01% of the total number of Shares. Parties deemed acting in the concert with the Offeror, namely Top Items Assets Ltd. (“**Top Items**”) and Mr Chen Wentao, hold 69.68% and 1.60% of the total number of Shares respectively. Therefore, the Offeror Concert Group hold in total 290,616,543 Shares, representing approximately 72.29% of the total number of issued Shares of 402,000,000 Shares.

Top Items is 88.89% held by the Offeror and 11.11% held by Mr Wu Guoxing, who is the Executive Director of the Company. Mr Chen Wentao is the son-in-law of the Offeror. Mr Wu Guoxing is deemed under the Singapore Code on Take-overs and Mergers (“**Code**”) to be a person acting in concert with the Offeror.

APPENDIX I – IFA LETTER

The Company had made an application to the Securities Industry Council (“**SIC**”) and the SIC had, on 30 November 2016, ruled, *inter alia*, that the Offeror and Mr Wu Guoxing are exempted from the requirement to make a recommendation to Shareholders on the Exit Offer as they face irreconcilable conflicts of interest being the Offeror and a concert party of the Offeror respectively.

- 1.3 In connection with the Delisting and the Exit Offer, the Company has appointed Provenance Capital Pte. Ltd. (“**Provenance Capital**”) as the independent financial adviser (“**IFA**”) to the Directors who are considered independent in respect of the Exit Offer (“**Independent Directors**”), for the purpose of making their recommendation to the Shareholders in relation to the Exit Offer.

The Company has confirmed to us that the remaining Directors, namely, Mr Tang Teck Choon, Mr Zhou Jianxin and Mr Zhu Ping, are considered as Independent Directors for the purpose of the Exit Offer.

- 1.4 This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and advice on the financial terms of the Exit Offer and our recommendation on the Exit Offer. This Letter forms part of the Circular which provides, *inter alia*, the details of the Delisting Proposal, the Exit Offer and the recommendation of the Independent Directors on the Exit Offer.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Independent Directors in respect of their recommendation to the Shareholders in relation to the Exit Offer.

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

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and/or the Group. Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 14 February 2017, being the Latest Practicable Date as referred to in the Circular. This Letter therefore does not reflect any projections on the future financial performance of the Company and/or the Group.

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

In formulating our opinion and recommendation, we have held discussions with the Directors and the management of the Company (“**Management**”) and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the

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accuracy, completeness or adequacy of such information. We nonetheless have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

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

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment). In connection with the Exit Offer, the Company had commissioned the independent valuer, Crowe Horwath (HK) Consulting & Valuation Limited (“**Valuer**”), to carry out a valuation of the leasehold buildings, machinery and equipment, investment property and land use rights owned by the Group as at 30 September 2016.

We have been furnished with the valuation report (“**Valuation Report**”) dated 28 November 2016, a copy of which is attached as Appendix IV to the Circular.

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

The information we had relied on in the assessment of the Exit Offer was based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Delisting and the Exit Offer, as the case may be, which may be released after the Latest Practicable Date.

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

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

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

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

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

3. THE EXIT OFFER

The detailed terms and conditions of the Exit Offer are set out in the Exit Offer Letter to be despatched together with the Circular.

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

3.1 Exit Offer Price

The Exit Offer Price for each Offer Share will be **S\$0.07** in cash.

The Offeror has stated that he does not intend to revise the Exit Offer Price.

The Exit Offer Price is applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer.

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. Each Shareholder who accepts the Exit Offer will receive S\$7.00 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

3.2 Offer Shares

The Exit Offer is extended, on the same terms and conditions, to all the Offer Shares.

As at the Latest Practicable Date, there are no Shares held in treasury. The Company also does not have any outstanding instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

3.3 Rights and Encumbrances

The Offer Shares will be acquired:

- (i) fully paid;
- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions, if any, the Record Date for which falls on or after the Joint Announcement Date.

Without prejudice to the generality of the foregoing, if any Distribution is made, the Record Date for which falls on or after the Joint Announcement Date, then the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the Exit Offer Settlement Date falls:

- (a) if the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholder the unadjusted Exit Offer Price of S\$0.07 in cash for each Offer Share, as the Offeror will receive the Distribution of such Offer Share from the Company; and

- (b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered will be reduced by an amount which is equal to the Distribution in respect of such Offer Share, as the Offeror will not receive such Distribution from the Company.

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

3.4 Conditions

The Delisting Proposal and the Exit Offer will be conditional on, *inter alia*:

- (a) the receipt of the requisite approval of the SGX-ST for the Delisting;
- (b) the resolution to approve the Delisting ("**Delisting Resolution**") being approved by at least 75% of the total number of issued Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on the Delisting Resolution (the Offeror Concert Group, Directors and controlling Shareholders need not abstain from voting on the Delisting Resolution);
- (c) the Delisting Resolution not being voted against by 10% or more of the total number of issued Shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM; and
- (d) the rulings given by the SIC waiving the requirements for compliance of the Exit Offer with certain provisions of the Code, and such rulings not being revoked, rescinded or cancelled prior to the close of the Exit Offer

(collectively, "**Delisting Proposal Conditions**").

Shareholders are to note that if the aforesaid Delisting Proposal Conditions are not fulfilled, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

The SGX-ST had on 2 February 2017 informed the Company that it has no objection to the Company's application for the Delisting, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual.

The above decision is not an indication of the merits of the Delisting, the Exit Offer, the Company and/or its subsidiaries.

Pursuant to Rule 1307 of the Listing Manual, all Shareholders (including the Offeror Concert Group, Directors and controlling Shareholders) are entitled to vote on the Delisting Resolution. As at the Latest Practicable Date, the Offeror Concert Group which holds, in aggregate, 72.29% of the total number of Shares, intends to vote in favour of the Delisting Resolution at the EGM.

In addition, the Offeror has obtained irrevocable undertakings ("**Irrevocable Undertakings**") from certain Shareholders ("**Undertaking Shareholders**"), who hold in aggregate 10.47% of the total number of Shares to, *inter alia*, (a) vote in favour of the Delisting Resolution; and (b) accept the Exit Offer in respect of all their Shares.

Accordingly, as at the Latest Practicable Date, an aggregate of 332,687,000 Shares, representing 82.76% of the total number of Shares will be voting in favour of the Delisting Resolution at the EGM.

3.5 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. However, such acceptances are conditional on the Delisting Proposal

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Conditions being satisfied. If the Delisting Proposal Conditions are not satisfied, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

3.6 Duration of the Exit Offer and Closing Date

The Exit Offer will be open for acceptances from the date of despatch of the Exit Offer Letter. As the Exit Offer Letter is being despatched to Shareholders together with the Circular, the Exit Offer will remain open for at least 14 days after the date of the announcement of the Shareholders' approval for the Delisting Resolution at the EGM. If the Delisting Resolution is not approved at the EGM, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

Accordingly, if the Delisting Resolution is approved by the Shareholders, the Exit Offer will close at 5.30 p.m. on 22 March 2017 or such later date(s) as may be announced from time to time by the Offeror ("**Closing Date**"). If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced by the Offeror.

Shareholders should take note of any announcements by the Offeror relevant to their consideration of the Exit Offer, including the Closing Date of the Exit Offer, which may be released after the EGM.

3.7 Further details of the Exit Offer

Further details of the Exit Offer, including details on: (a) the warranty; (b) regulatory approvals; (c) procedures for acceptances; and (d) settlement of the consideration, are set out in the Exit Offer Letter.

4. IRREVOCABLE UNDERTAKINGS

The Offeror has obtained Irrevocable Undertakings from the Undertaking Shareholders, namely, Stone Robert Alexander, Toe Teow Teck, Toe Teow Heng and Philip Ventures Enterprise Fund Ltd to, *inter alia*, (a) vote in favour of the Delisting Resolution; (b) accept the Exit Offer in respect of all the Shares held by each of them; and (c) not to transfer, sell or otherwise dispose of any of their Shares during the period of their respective Irrevocable Undertakings.

As at the Latest Practicable Date, the shareholdings of the Undertaking Shareholders in the Company are as follows:

Name of Shareholder	Number of Shares Held	Shareholding Percentage ⁽¹⁾
Stone Robert Alexander	27,200,000	6.77%
Toe Teow Teck	2,000,000	0.50%
Toe Teow Heng	1,100,000	0.27%
Phillip Ventures Enterprise Fund Ltd (in members' voluntary liquidation)	11,770,457	2.93%
Total	42,070,457	10.47%

Note:

(1) Calculated based on 402,000,000 Shares.

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Each of the Irrevocable Undertakings is irrevocable and will continue to be binding unless the Delisting Proposal Conditions are not satisfied and the Exit Offer lapses.

Save as disclosed above and in Section 3.4 of this Letter, as at the Latest Practicable Date, none of the members of the Offeror Concert Group has received any irrevocable undertaking from any party to vote for or against the Delisting Resolution and/or to accept or reject the Exit Offer.

5. INFORMATION ON THE OFFEROR AND THE OFFEROR CONCERT GROUP

The Offeror is the Executive Chairman and Chief Executive Officer of the Company. The Offeror is the founder of the Group and is in charge of the overall business operations of the Group with over 20 years of management experience in the spray products business.

As at the Latest Practicable Date, the Offeror Concert Group owns an aggregate of 290,616,543 Shares, representing 72.29% of the total number of Shares, as set out below:

Name of Shareholder	Number of Shares held	Shareholding Percentage ⁽¹⁾
The Offeror	4,068,000	1.01%
Top Items ⁽²⁾	280,129,543	69.68%
Mr Chen Wentao ⁽³⁾	6,419,000	1.60%
Total	290,616,543	72.29%

Notes:

- (1) Calculated based on 402,000,000 Shares;
- (2) Top Items is 88.89% held by the Offeror and 11.11% held by Mr Wu Guoxing, who is the Executive Director of the Company; and
- (3) Mr Chen Wentao is the son-in-law of the Offeror.

6. INFORMATION ON THE COMPANY AND THE GROUP

The Company is a limited liability company incorporated in Singapore and listed on the Mainboard of the SGX-ST in August 2007. The principal place of business of the Company is at No. 26 East North Road, Xiake Town, Jiangyin city, Jiangsu province, People's Republic of China ("PRC").

The principal activity of the Company is that of investment holding. The Company has two wholly-owned subsidiaries in the PRC, namely Wuxi Sunmart Plastic Co., Ltd. and Wuxi Sunmart Technology Co., Ltd.. These subsidiaries are principally engaged in the production and sale of a wide range of spray products comprising primarily spray pumps, aluminium cans and plastic bottles, which are mainly used in the packaging of (i) fast-moving consumer goods, such as hair products, cosmetics, perfume, deodorant and detergent; (ii) pharmaceutical products, such as disinfectants and antiseptic; and (iii) health supplements.

The Shares had remained suspended from trading since 9 April 2012 ("**Suspension**") and up to the Latest Practicable Date.

Based on the Exit Offer Price of S\$0.07 and the 402,000,000 Shares in issue as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$28.14 million.

Additional information on the Company and the Group is set out in Section 6 and Appendix II of the Circular.

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Events leading up to the Exit Offer

On 9 April 2012, the Company announced that its Audit Committee was informed by its then external auditors, Ernst & Young LLP (“EY”), on 27 February 2012 and 29 March 2012 that EY had not been able to obtain satisfactory explanation and supporting documents from the Management on the business rationale of certain transactions as well as the veracity of certain account balances for the purpose of the audit of the Group for the financial year ended 31 December 2011 (“FY2011”). These transactions and account balances include payment transactions, petty cash balances and transactions, accounts receivables, investment in a new business and loan to a local authority.

The Shares were suspended from trading on the SGX-ST on 9 April 2012.

On 10 August 2012, the Audit Committee commissioned and appointed Ferrier Hodgson as the special auditor (“**Special Auditor**”) to carry out an independent review (“**Special Audit**”) of the issues raised by EY during the course of their audit for FY2011.

On 2 April 2013, EY issued its disclaimer of opinion on the financial statements of the Group for FY2011.

On 23 August 2013, the Company announced certain key issues identified by the Special Auditor as set out in its executive summary of the Special Audit report (“**Special Audit Report**”) which were also disclosed in the annual report of the Company for the financial year ended 31 December 2015 (“FY2015”). The Company had listed the key issues identified by the Special Auditor and disclosed changes to its management and board of directors in its annual report for FY2015, as follows:

- | |
|---|
| <p>“(1) <i>Due to the recording of fictitious entries, the profit after tax for FY2011 was inflated by RMB 22.0 million. The fictitious entries have been cancelled and the accounts have been restated. A new Finance Manager had also been appointed to look after the accounts.</i></p> <p>“(2) <i>During the FY2011 and the 8 month period from January to August 2012, we extended loans to Xuebao, (Which is considered an interested person of the Company within the meaning of the listing rules of the Singapore Securities Trading Limited).</i></p> |
|---|

The amount owing by Xuebao to the Company was fully repaid on 25 August 2014.

The board and key management has been re-structured at the end of FY2015. The two existing Independent Directors had been stepped down and replaced by two new Independent Directors on the board and a new CFO was appointed to replace the existing CFO. The changes to both key management and board members are able to help the Company to improve the corporate governance and to resume trading eventually.”

On 10 January 2014, Nexia TS Public Accounting Corporation (“Nexia”) was appointed as the external auditor of the Company. Nexia had on 2 July 2014 and 26 September 2014 issued a qualified audit opinion on the financial statements of the Group for the financial year ended 31 December 2012 (“FY2012”) and 31 December 2013 (“FY2013”) respectively and highlighted “Emphasis of Matter” on the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as going concern and discharge its liabilities in the ordinary course of business. Nexia had on 9 April 2015 and 4 April 2016 issued an unqualified audit opinion on the financial statements of the Group for the financial year ended 31 December 2014 (“FY2014”) and FY2015 respectively, but continued to highlight the same “Emphasis of Matter” on going concern issue.

On 9 March 2015, the Company announced that it had, on 29 September 2014, submitted a resumption of trading proposal to the SGX-ST but subsequently withdrawn the proposal on 10 October 2014, and re-submitted a revised resumption of trading proposal to the SGX-ST on 14 November 2014.

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On 20 May 2015, the Company announced that it had submitted its responses to the queries raised by the SGX-ST on 13 March 2015 but the SGX-ST had responded on 22 April 2015 that the Company had not provided satisfactory and adequate responses to several queries pertaining to key observations made in the Special Audit Report.

On 20 April 2016, the Company announced that it is in the early stages of considering a possible voluntary delisting of the Shares from the SGX-ST.

On 18 October 2016 and 23 November 2016, the Company provided further updates that it was engaging the controlling Shareholder of the Company on materialising an exit offer for the possible voluntary delisting of the Company.

On 30 November 2016, the Company and the Offeror jointly announced the Delisting Proposal and the Exit Offer.

7. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTION

The full text of the rationale for the Delisting and the Offeror's intention with respect to the Company are set out in Section 7 and Section 8 of the Exit Offer Letter.

In summary, the rationale for the Delisting is as follows:

- (a) opportunity for Shareholders to realise their investments in the Company for a cash consideration, and without incurring any transaction costs, an option which may not otherwise be readily available due to the Suspension. The Shares have been suspended for more than four years since 9 April 2012;
- (b) even prior to the Suspension, the trading liquidity of the Shares had been low for the one-year period prior to the Suspension;
- (c) the Delisting would provide the management of the Company with greater flexibility to manage and develop the existing business of the Group while exploring opportunities without the additional cost and restrictions associated with its listed status on the SGX-ST; and
- (d) the Company does not foresee any need to access funds in the Singapore capital markets.

The Offeror has no current intention of (a) making major changes to the Company's existing business; (b) re-deploying the Company's fixed assets; or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider and evaluate options or opportunities in relation to the Group which may present themselves, and which he regards to be in the interest of the Offeror and/or the Company.

8. ASSESSMENT OF THE FINANCIAL TERMS OF THE EXIT OFFER

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

- (a) Market quotation and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Comparison with recently completed delisting of companies listed on the SGX-ST;

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- (d) Comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group;
- (e) Dividend track record of the Company; and
- (f) Other relevant considerations in relation to the Exit Offer which may have a significant bearing on our assessment.

8.1 Market quotation and trading activity of the Shares

Prior to the Suspension, the Shares were last traded at S\$0.115 on 2 April 2012. The Exit Offer represents a significant discount of 39.1% to the last transacted price of S\$0.115 on 2 April 2012.

As mentioned in Section 6 of this Letter, the Shares have been suspended from trading since 9 April 2012, which is more than four years ago. The Exit Offer Price therefore cannot be reasonably assessed nor compared with the historical trading price performance of the Shares prior to the Suspension. It is also not meaningful nor relevant to do so as the Suspension was the result of the discovery of key issues which resulted in a disclaimer of opinion for the financial statements of the Group for FY2011 and also rendered the financial statements of the Group for FY2012 and FY2013 to be qualified by its external auditors.

8.2 Financial analysis of the Group

As mentioned in Section 6 of this Letter, the external auditors had issued a disclaimer of opinion on the financial statements of the Group for FY2011 and a qualified audit opinion on the financial statements of the Group for FY2012 and FY2013. For FY2014 and FY2015, the external auditors had issued an unqualified audit opinion but had highlighted going concern issues.

We note that the Company had announced quarterly results of the Group for financial year ended 31 December 2016 (“FY2016”), for the first quarter ended 31 March 2016 (“1Q2016”), second quarter ended 30 June 2016 (“2Q2016”) and third quarter ended 30 September 2016 (“3Q2016”) but does not disclose year-to-date quarter financial results of the Group. For the purpose of our analysis, we have therefore made a summation of the quarterly results for 1Q2016, 2Q2016 and 3Q2016 to derive the financial results of the Group for the nine months period ended 30 September 2016 (“9M2016”). As at the Latest Practicable Date, the Company has not announced its quarterly results of the Group for the fourth quarter ended 31 December 2016.

Hence, for the purpose of evaluating the Exit Offer, we have analysed the financial results of the Group for FY2014 and FY2015, and 9M2016 to show the trend of the financial performance of the Group.

8.2.1 Financial performance of the Group

We set out below a summary of the audited financial results of the Group for FY2014 and FY2015 and the unaudited interim financial results for 9M2016:

RMB'000	← Audited →		Unaudited
	FY2014	FY2015	9M2016
Revenue	311,963	316,354	255,286
Gross profit	58,614	60,067	37,186
Other income	12,528	9,675	2,689
Expenses	(69,888)	(54,567)	(138,878)
Share of results of an associated company	732	(1,279)	-

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RMB'000	← Audited →		Unaudited 9M2016
	FY2014	FY2015	
Profit/(Loss) before income tax	1,986	13,896	(99,003)
Income tax	-	-	-
Profit/(Loss) after income tax	1,986	13,896	(99,003)

Source: The Company's annual report for FY2015, and the Company's results announcement for FY2014, FY2015, 1Q2016, 2Q2016 and 3Q2016

We have also considered analysing the financial performance of the Group without the effect of significant one-off items. After making adjustments of significant one-off write back of advances paid to suppliers previously written off and one-off impairment to trade and other receivables, the adjusted financial results of the Group are as follows:

RMB'000	FY2014	FY2015	9M2016
Profit/(Loss) after income tax	1,986	13,896	(99,003)
Less: write back of advances paid to suppliers previously written off	(5,184)	(18,959)	-
Add: one-off impairment to trade and other receivables	-	-	(62,479)
Adjusted loss after income tax	(3,198)	(5,063)	(36,524)

Source: The Company's annual report for FY2015 and Management

Review of Operating Results

FY2015 vs. FY2014

Revenue increased by RMB4.4 million or 1.4% from RMB312.0 million in FY2014 to RMB316.4 million in FY2015, due mainly to better marketing efforts which resulted in higher sales orders.

In line with the increase in revenue, gross profit increased marginally by RMB1.5 million or 2.5% from RMB58.6 million in FY2014 to RMB60.1 million in FY2015. Accordingly, gross profit margin also increased marginally from 18.8% in FY2014 to 19.0% in FY2015.

Other income of RMB12.5 million in FY2014 was mainly attributable to dividend income from available-for-sale financial assets of RMB5.1 million and interest income from bank deposits, third parties and related party of RMB7.5 million which was offset by currency exchange loss of RMB2.7 million. In FY2015, other income of RMB9.7 million was mainly attributable to interest income from bank deposits and third parties of RMB1.8 million and currency exchange gain of RMB5.6 million.

Expenses decreased by RMB15.3 million or 21.9% from RMB69.9 million in FY2014 to RMB54.6 million in FY2015, mainly attributable to the write back of advances paid to suppliers of RMB19.0 million previously impaired in prior years. In FY2014, the write back of advances paid to suppliers was RMB5.2 million.

Accordingly, due mainly to the decrease in expenses, profit after income tax increased by RMB11.9 million or 599.7% from RMB2.0 million in FY2014 to RMB13.9 million in FY2015.

However, after excluding the write back of the advances paid to suppliers in FY2014 and FY2015, the Group would have incurred an adjusted loss after income tax of RMB3.2 million for FY2014 and RMB5.1 million for FY2015.

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9M2016

Revenue for 9M2016 represents 80.7% of the total revenue achieved in FY2015. However, gross profit margin decreased from 19.0% in FY2015 to 14.6% in 9M2016 due mainly to higher labour cost and material cost.

For 9M2016, the Group incurred significant losses of RMB99.0 million due mainly to impairment on trade and other receivables.

After excluding the one-off impairment of trade and other receivables, the Group's adjusted loss after income tax would be RMB36.5 million for 9M2016.

Historical Price-earnings Ratio ("PER") implied by the Exit Offer Price

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

As illustrated above, we note that the Group had incurred adjusted net losses in FY2014, FY2015 and 9M2016. As such, an evaluation on the valuation of the Company based on PER implied by the Exit Offer Price is not meaningful.

8.2.2 Financial position of the Group

A summary of the audited financial position of the Group as at 31 December 2015 and the unaudited financial position of the Group as at 30 September 2016 is set out below:

RMB'000	Audited As at 31 December 2015	Unaudited As at 30 September 2016
<u>Current assets</u>		
Inventories	54,997	49,727
Trade and other receivables	183,519	113,834
Cash and cash equivalents	110,549	91,066
	<u>349,065</u>	<u>254,627</u>
<u>Non-current assets</u>		
Property, plant and equipment	342,135	311,833
Investment property	22,626	22,164
Land use rights	24,100	23,650
Investment in an associated company	29,453	29,453
	<u>418,314</u>	<u>387,100</u>
Total assets	767,379	641,727
<u>Current liabilities</u>		
Trade and other payables	79,701	68,655
Borrowings	395,939	382,350
	<u>475,640</u>	<u>451,005</u>
<u>Non-current liabilities</u>		
Borrowings	2,015	-
	<u>2,015</u>	<u>-</u>
Total liabilities	477,655	451,005
<u>Equity</u>		
Share Capital	155,184	155,184
Translation reserve	(193)	(193)
Merger deficit	(587)	(587)
Statutory reserve fund	32,467	32,467
Retained profits	102,853	3,851
Equity/ net asset value ("NAV")	289,724	190,722

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RMB'000	Audited As at 31 December 2015	Unaudited As at 30 September 2016
Number of Shares	402,000,000	402,000,000
NAV per Share (RMB)	0.72	0.47

Source: The Company's annual report for FY2015, and the Company's result announcement for 3Q2016

Review of Financial Position

As at 31 December 2015

The assets of the Group of RMB767.4 million comprised mainly property, plant and equipment ("PPE") of RMB342.1 million (44.6% of total assets), trade and other receivables of RMB183.5 million (23.9% of total assets), cash and cash equivalents of RMB110.5 million (14.4% of total assets) and inventories of RMB55.0 million (7.2% of total assets).

The Group's total liabilities of RMB477.7 million comprised borrowings of RMB398.0 million (83.3% of total liabilities) and trade and other payables of RMB79.7 million (16.7% of total liabilities).

Total equity consists mainly of RMB155.2 million in share capital, RMB102.9 million in retained earnings and RMB32.5 million in statutory reserve fund.

As at 31 December 2015, the Group was in a negative net working capital position or net current liability position of approximately RMB126.6 million. This was due mainly to the funding of long term investments and fixed assets using mainly short term borrowings. Bulk of the cash balances (74.5% of total cash and cash equivalents) are short term deposits pledged for the Group's borrowings. The net current liability position was also highlighted by the external auditors of the Group as an "Emphasis of Matter" in the independent auditor's report for FY2015.

The PPE comprises mainly leasehold buildings of the Group's manufacturing and production plants (66.5% of total PPE) and plant and equipment (31.8% of total PPE). The Group owns a hotel which is located next to the Group's manufacturing plants at No. 26 East North Road, Xiake Town, Jiangyin city, Jiangsu province, PRC and recorded as an investment property (RMB22.6 million) in the statement of financial position. The hotel is currently leased to an unrelated third party tenant to operate as a hotel. The Group's land use rights of RMB24.1 million represent four plots of state-owned land in the PRC where the Group's PRC manufacturing and production plants and an office building are situated, while the land use rights of the hotel is incorporated in the net book value of the investment property. These assets are recorded at cost less accumulated depreciation/amortisation and accumulated impairment losses in accordance with the accounting policies of the Group. The leasehold buildings, plant and equipment and investment property are pledged as security for the Group's borrowings.

Trade and other receivables comprise mainly trade receivables (RMB66.8 million), other receivables (RMB31.8 million) and advances paid to suppliers (RMB83.3 million). During FY2015, there was a write back of advances paid to suppliers of RMB19.0 million previously written off as described in Section 8.2.1 of this Letter.

The Group's NAV as at 31 December 2015 amounted to RMB289.7 million, representing NAV per Share of RMB0.72 (\$0.150). As the Group has no intangible assets, its NTA and NAV are the same.

The Exit Offer Price represents a significant discount of 53.2% to the NAV per Share as at 31 December 2015.

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As at 30 September 2016

PPE of the Group decreased by RMB30.3 million from RMB342.1 million as at 31 December 2015 to RMB311.8 million as at 30 September 2016 due mainly to depreciation of RMB18.5 million incurred during 9M2016 and a write off of PPE amounting to RMB7.4 million during 1Q2016.

Trade and other receivables decreased by RMB69.7 million from RMB183.5 million in FY2015 to RMB113.8 million as at 30 September 2016 due mainly to impairment in trade and other receivables of RMB62.5 million as described in Section 8.2.1 of this Letter.

Apart from the main changes mentioned above and the significant losses incurred during 9M2016, the profile of the financial position of the Group as at 30 September 2016 is broadly similar to the financial position of the Group as at 31 December 2015.

Based on the latest unaudited financial information of the Group as at 30 September 2016, the Group's NAV is RMB190.7 million as at 30 September 2016, representing NAV per Share of RMB0.47 (S\$0.099). As the Group has no intangible assets, its NTA and NAV are the same.

The Exit Offer Price represents a discount of 28.9% to the NAV per Share as at 30 September 2016.

Independent valuation of the Group's PPE, investment property and land use rights

As the leasehold buildings, plant and equipment (classified under PPE), investment property (hotel property) and related land use rights are significant assets of the Group, in connection with the Exit Offer, the Company had commissioned the Valuer, Crowe Horwath (HK) Consulting & Valuation Limited, to carry out an independent valuation of the Group's leasehold buildings, machinery and equipment, hotel property and land use rights to determine the market value of these assets ("**Market Value**") as at 30 September 2016.

Market Value is defined in the Valuation Report as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."

The Valuation Report is set out in Appendix IV to this Circular.

For the property interests held by the Group, the Valuer had valued each of the property interests by the comparison approach based on prices realized or current asking prices of comparable properties. The Valuer had also valued the hotel property by the income approach. As the hotel is leased to an unrelated third party tenant, the Valuer had used the income approach taking into account the current passing rent of the property interests and their reversionary potential, and capitalise the existing tenancy in the remaining lease term and assembled it with the reversionary interest, which was derived by discounting the income potential as assessed by the comparison method with an appropriate property yield.

For the machinery and equipment, the Valuer has considered the three generally recognised approaches to value, namely the income, market and cost approaches. As the future income streams for the individual pieces of machinery and equipment could not be determined, the income approach was not deemed appropriate. Furthermore, the non-transparent nature of the used market for similar production equipment meant that the market approach was not applicable. Hence, the Valuer had relied mainly on the cost approach to arrive at the valuation of the machinery and equipment. The cost approach is based on the current cost to recreate or duplicate the asset less an appropriate allowance for depreciation from all causes – physical, functional and economic. Based on the data provided by the Company, the overall utilization rate of the production lines is estimated to be 51%. For this reason, economical obsolescence was applied to the machinery and equipment of the production lines.

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Based on the above, the Valuer had arrived at the market value of the revalued assets as at 30 September 2016. A summary of the valuation is set out below:

RMB'000	Market Value
Leasehold properties	
- Buildings	148,900
- Land use rights	67,100
Investment property	34,000
Plant & equipment	76,780
	326,780

The above valuation would result in revaluation surpluses/(deficits) above/(below) the net book value of the respective assets as at 30 September 2016 as shown in the table below:

RMB'000	Net book value as at 30 September 2016	Market Value	Revaluation surplus/(deficit)
(i) Leasehold buildings	225,959	148,900	(77,059)
(ii) Plant & equipment	85,874	76,780	(9,094)
(iii) Investment property	22,164	34,000	11,836
(iv) Land use rights	23,650	67,100	43,450
Total	357,647	326,780	(30,867)

Source: Valuation Report

The Valuer had also considered the potential tax liability which would arise on the disposal of the property interests held by the Group in the PRC for the purpose of Rule 26.3 of the Code, including the PRC business tax (5% of net revenue), title deed tax (3% which is paid by vendor normally), PRC stamp duty (0.05%), PRC land appreciation tax (ranging from 30% to 60% of the appreciated amount) and PRC corporate income tax (25% of the profit on disposal of the property). As the Group had advised that it has no intention to dispose of them, the Valuer had assessed that the likelihood of the potential tax liability being crystallized is remote.

Management had expressed that the land use rights of the land on which the leasehold buildings and the hotel property are located cannot be sold separately. In addition, the leasehold buildings are used for the Group's manufacturing activities. Hence, the Company has no intention of disposing the properties.

Following from the above, there is unlikely to have any potential tax liability in relation to the revalued assets which have shown revaluation surpluses as set out in the table above.

The above total net revaluation deficit of RMB30.9 million arising from the valuation of the revalued assets represents approximately RMB0.08 per Share (S\$0.016).

Revalued NAV of the Group

Based on the above, we have computed the revalued NAV ("RNAV") of the Group as follows:

	RMB'000
Unaudited NAV as at 30 September 2016	190,722
Less: net revaluation deficit arising from the valuation of the revalued assets	(30,867)
RNAV as at 30 September 2016	159,855
RNAV per Share	
- RMB	0.40
- S\$	0.083

Price-to-NAV (“P/NAV”) and Price-to-RNAV (“P/RNAV”) ratios of the Group implied by the Exit Offer Price

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

As the Group is loss making and asset heavy with significant holdings of PPE and investment property, the NAV based valuation approach is appropriate for valuing the Group.

We have evaluated the implied P/NAV ratio of the Group as ascribed by the Exit Offer Price based on the Group’s: (i) latest unaudited NAV as at 30 September 2016; and (ii) RNAV as at 30 September 2016.

Based on the Exit Offer Price of S\$0.07 and the 402,000,000 issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$28.14 million.

Based on the Group’s unaudited NAV of RMB190.72 million (S\$39.60 million) as at 30 September 2016, the Exit Offer Price values the Group on a P/NAV ratio of approximately 0.71 times, that is, the Exit Offer Price is at a discount of 28.9% to the NAV per Share.

Based on the Group’s RNAV of RMB159.86 million (S\$33.19 million) as at 30 September 2016, the Exit Offer Price values the Group on a P/RNAV ratio of approximately 0.85 times, that is, the Exit Offer Price is at a discount of 15.2% to the RNAV per Share.

In our evaluation of the financial terms of the Exit Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 September 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 30 September 2016.

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

- (a) save as disclosed above, there are no material differences between the realisable values of the Group’s assets and their respective book values as at 30 September 2016 which would have a material impact on the NAV of the Group;
- (b) other than that already provided for or disclosed in the Group’s financial statements as at 30 September 2016, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

- (e) there are no material acquisitions or disposals of assets by the Group between 30 September 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 its material assets or material change in the nature of the Group's business.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real properties) of the Group. We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Valuation Report for such asset appraisals and have not made any independent verification of the contents thereof.

The stated values of the Group's leasehold buildings, plant & equipment, investment property and land use rights are based on the valuations performed by the Valuer. We do not assume any responsibility to inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements including Rule 26 of the Code.

8.3 Comparison with recently completed delisting of companies listed on the SGX-ST

We note that it is the intention of the Offeror to privatise and delist the Company from the Official List of the SGX-ST. In assessing the reasonableness of the Exit Offer Price, we have compared the financial terms of the Exit Offer with those of selected similar delisting transactions which have been announced and completed since January 2015 and up to the Latest Practicable Date ("**Precedent Delisting Transactions**"). These Precedent Delisting Transactions are in relation to SGX-ST listed companies with a market capitalisation of S\$100 million and below and were incurring losses at the time of their announcements of their delisting proposals. These delisting proposals were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual of the SGX-ST and the Catalyst Rules, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or general takeover offers under the Code where the offeror has stated its intention to delist the company from the SGX-ST. There are seven of such Precedent Delisting Transactions.

This analysis serves as a general indication of the relevant premium/(discount) to NAV that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the NAV of the respective target companies. We note that certain Precedent Delisting Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV or revalued NTA of the Precedent Delisting Transactions, where applicable.

We wish to highlight that the target companies listed in the Precedent Delisting Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular delisting transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Delisting Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

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Name of company	Sector	Date of announcement	Market capitalisation implied by the offer price (S\$' million)	P/NAV (times)
Action Asia Limited	Manufacturing and assembling of mobile audio and video entertainment products	27 Feb 2015	75.6	0.8 ⁽¹⁾
Junma Tyre Cord Company Limited	Production and sale of Nylon 6 industrial yarn and Nylon 6 dipped tyre cords	10 Mar 2015	14.5	0.9 ⁽²⁾
Eastern Holdings Ltd	Property development and publishing	22 Sep 2015	63.8	0.8 ⁽³⁾
Sinotel Technologies Ltd.	Investment holding and telecommunications	30 Nov 2015	54.1	0.8 ⁽⁴⁾
China Yongsheng Limited	Production and supply of concrete and related products	24 Feb 2016	53.2	0.7 ⁽⁵⁾
Otto Marine Limited	Vessel construction, repair, conversion, chartering, leasing of vessels and subsea services	8 Jun 2016	68.0	2.3 ⁽⁶⁾⁽⁸⁾
Aztech Group Ltd	Electronics and LED lighting manufacturing, material supply and marine logistics, and food and beverage retail and supplies	19 Sep 2016	21.4	0.4 ⁽⁷⁾

High	2.3
Low	0.4
Mean	0.7
Median	0.8

The Company (implied by the Exit Offer Price)	30 Nov 2016	28.1	0.71 (NAV)
			0.85 (RNAV)

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

Notes:

- (1) based on the revalued NAV per share as adjusted for the net revaluation surplus on the properties of Action Asia Limited as at 31 March 2015;
- (2) based on the revalued NTA per share as adjusted for the net revaluation surplus on the land use rights, property, plant and equipment of Junma Tyre Cord Company Limited as at 31 December 2014;
- (3) based on the revalued NTA per share as adjusted for the net revaluation surplus on certain properties of Eastern Holdings Ltd and the net revaluation surplus arising from the net gain of financial assets as at 30 September 2015;
- (4) based on the NTA per share of Sinotel Technologies Ltd as at 30 September 2015;
- (5) based on the revalued NAV per share of China Yongsheng Limited as at 31 December 2015;
- (6) based on the revalued NTA per share of Otto Marine Limited as at 31 March 2016;
- (7) based on the revalued NTA per share of Aztech Group Ltd as at 30 June 2016; and
- (8) excluded as statistical outlier in the mean and median computations.

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Based on the above, we note that, excluding the statistical outlier, the P/NAV ratios of the Precedent Delisting Transactions are in a range of between 0.4 and 0.9 times. The P/NAV ratio of the Group of 0.71 times implied by the Exit Offer Price is within the range of the corresponding P/NAV ratios of the Precedent Delisting Transactions and the P/RNAV ratio of the Group of 0.85 times implied by the Exit Offer Price is above the mean and close to the median of the corresponding P/NAV ratios of the Precedent Delisting Transactions.

Independent Shareholders should note that the above comparison with the Precedent Delisting Transactions is purely for illustrative purposes only.

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

The Group is engaged in the production and sale of a wide range of spray products comprising spray pumps, aluminium cans and plastic bottles. For the purpose of assessing the Exit Offer, we have attempted to compare the valuation ratios implied by the Exit Offer with those selected companies which are broadly comparable with the Group. While there are no listed companies listed on the SGX-ST which are engaged in similar business activities as the Group, we have identified selected listed companies on the SGX-ST which are involved in businesses which can be considered as broad proxies to the core business of the Group ("**Comparable Companies**"). For a more meaningful comparison, we have considered listed companies with a market capitalisation of S\$100 million and below as broad proxies to the Group.

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

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

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

Company name	Principal business
Southern Packaging Group Limited (" Southern Packaging ")	Southern Packaging manufactures and sells flexible and rigid packaging products for the pharmaceutical, food and beverage, and personal care industries.
Full Apex Holdings Ltd (" Full Apex ")	Full Apex manufactures and sells polyethylene terephthalate (PET) bottles, shrink film and corrugated paper packaging products.

Source: Bloomberg L.P.

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

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

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

Company	Last financial year end	Market capitalisation as at Joint Announcement Date (\$' million)	Historical PER ⁽¹⁾ (times)	Historical P/NAV ratio ⁽²⁾ (times)
Southern Packaging	31 Dec 2015	33.75	3.57	0.32
Full Apex	31 Dec 2015	10.33	n.m. ⁽³⁾	0.04
Mean			3.57	0.18
The Company (implied by the Exit Offer Price)				
31 Dec 2015			n.m.⁽³⁾	0.71 (NAV)
				0.85 (RNAV)

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

Notes:

- (1) the historical PERs of the Comparable Companies are computed based on their respective latest published full year earnings or trailing 12 months earnings, where applicable, as at the Joint Announcement Date;
- (2) the P/NAV ratios of the Comparable Companies are computed based on their respective NAV values as set out in their latest published financial statements as at the Joint Announcement Date; and
- (3) n.m means not meaningful as these companies are loss-making.

Based on the above, we note that:

- (a) the PER comparison is not a meaningful metric as the Group is loss making (on an adjusted basis) for FY2015 and 9M2016; and
- (b) the P/NAV and P/RNAV ratios of the Group of 0.71 times and 0.85 times implied by the Exit Offer Price are higher than the historical P/NAV ratios of the Comparable Companies and hence higher than the mean P/NAV ratio of the Comparable Companies.

8.5 Dividend track record of the Company

We note that the Company did not pay any dividend for FY2013, FY2014, FY2015 and 9M2016. As such, the Exit Offer presents Shareholders with an exit alternative in the form of cash consideration.

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, projected capital expenditure and other investment plans.

As disclosed in Section 3.3 of this Letter, pursuant to the terms of the Exit Offer, the Offeror will acquire all the Shares together with all rights to the Distribution (if any) announced, declared paid or made by the Company on or after the Joint Announcement Date. If any Distribution is declared, made or paid by the Company on or after the Joint Announcement Date, the Exit Offer Price payable to a Shareholder shall be reduced by the amount of such Distribution, depending on the date of settlement of the Exit Offer.

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Since the Joint Announcement Date and up to the Latest Practicable Date, the Offeror has not declared any Distribution. Shareholders should take note of any announcement by the Company on any Distribution and/or any adjustment to the Offer Price as a result of the Distribution.

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

8.6.1 No revision in Exit Offer Price

Pursuant to the Exit Offer Letter, we note that the Offeror has stated that he **does not** intend to revise the Exit Offer Price.

8.6.2 Commentary by the Company in the unaudited 3Q2016 results announcement

We wish to highlight the following comments made by the Company in relation to the Group's business outlook in its announcement on the latest financial results for 3Q2016:

"Economic conditions remain challenging and the Group may consider investing upstream in selected companies to secure our supplies and take advantage of costs and technology synergies."

8.6.3 Likelihood of a competing offer is remote

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

As at the Latest Practicable Date, the Offeror Concert Group holds in aggregate 72.29% of the total number of Shares. Pursuant to the Irrevocable Undertakings, the Offeror will acquire another 10.47% of the total number of Shares through the acceptances by the Undertaking Shareholders. Hence, the Offeror Concert Group would have secured control of at least 82.76% in respect of the Exit Offer. As such, the likelihood of a competing offer from any third party is remote.

8.6.4 Approval for Delisting Resolution

The Delisting Resolution needs to be approved by at least 75% of the total number of Shares held by Shareholders present and voting, on a poll, at the EGM and not voted against by 10% or more of the total number of Shares held by such Shareholders, on a poll, at the said EGM. The Offeror Concert Group, Directors and controlling Shareholders need not abstain from voting on the Delisting Resolution.

In view of the Offeror Concert Group's shareholding interest in the Company and its intention to vote for the Delisting Resolution and the Irrevocable Undertakings, the Company would have achieved the requisite minimum 75% votes to approve the Delisting Resolution.

8.6.5 No public market for the trading of the Shares

There is no available public market for the trading on the Shares as trading on the Shares have been suspended since 9 April 2012. Notwithstanding the efforts by the Company to submit a trading resumption proposal to the SGX-ST since September 2014, the Company had not been successful in addressing the queries raised by the SGX-ST. As at the Latest Practicable Date, the Shares remain suspended from trading.

Accordingly, Shareholders should note that the Exit Offer is the only offer on the table as at the Latest Practicable Date that provides Shareholders the opportunity to monetise their Shares in

cash. There is no certainty that Shareholders will otherwise be able to obtain a better value for their Shares if they do not accept the Exit Offer.

8.6.6 Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Exit Offer at a price equal to the Exit Offer Price.

In the event that the Offeror becomes entitled to exercise his right of compulsory acquisition pursuant to Section 215(1) of the Companies Act, it is the intention of the Offeror to exercise such right and proceed to privatise and delist the Company from the SGX-ST.

It should be noted that Shareholders who have not accepted the Exit Offer will have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Exit Offer Price and on the same terms as the Exit Offer, in the event that the Offeror, his related corporations and/or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, his related corporations and/or their respective nominees, comprise 90% or more of the total number of issued Shares (excluding treasury Shares). The Company does not have any treasury Shares.

Shareholders who have not accepted the Exit Offer and who wish to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

8.6.7 Implications to Shareholders holding on to delisted Shares

Shareholders should note that shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of the lack of liquidity and marketability. **If the Company is delisted from the Official List of the SGX-ST, Shareholders who have not accepted the Exit Offer may face difficulties if they wish to sell their Shares in the absence of a public market for the Shares as there is no arrangement for Shareholders to exit. Even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price.** Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duties.

Shareholders should also note that under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with him may, within six (6) months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

As an unquoted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Company's Constitution, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and has not accepted the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., will arrange to forward the share certificates to such Shareholders (who are not CPFIS Investors), by ordinary post and at the Shareholders' own risk, to their respective addresses as they appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors who have not accepted the Exit Offer will be forwarded to their respective CPF Agent Banks for their safe keeping.

Shareholders who are in doubt of their position should seek independent professional advice.

In the event the requirements of Delisting under Rules 1307 and 1309 of the Listing Manual are met but the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, the Company will be delisted, and Shareholders who have not accepted the Exit Offer will continue to hold their Shares with the Company as an unlisted company.

Shareholders should also note that Shares have been suspended from trading for more than four years since 9 April 2012. The prospects of a resumption of trading seem low as the Company had not been able to address the queries of the SGX-ST adequately and satisfactorily which led to the Delisting Proposal as set out in Section 6 of this Letter under the caption “*Events leading up to the Exit Offer*”.

9. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE EXIT OFFER

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

- (a) Market quotation and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Comparison with recently completed delisting of companies listed on the SGX-ST;
- (d) Comparison of valuation ratios of selected companies listed on the SGX-ST which are broadly comparable with the Group;
- (e) Dividend track record of the Company; and
- (f) Other relevant considerations in relation to the Exit Offer which may have a significant bearing on our assessment.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the view that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of the Shareholders. Accordingly, we advise the Independent Directors to recommend to the Shareholders to vote in favour of the Delisting Resolution at the EGM and to ACCEPT the Exit Offer.

As the trading of the Shares have been suspended, Shareholders should note that pursuant to Rule 729 of the Listing Manual, there must not be any transfers of the Shares unless approved by the SGX-ST. This being so, the Exit Offer is presently the only available option to Shareholders who wish to exit their investment in the Company.

If entitled to do so, Shareholders should exercise their rights to require the Offeror to acquire their Shares under Section 215(3) of the Companies Act. Shareholders who decide to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent advice.

In rendering the above advice, we have not given regard to any specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, accountant, legal, financial, tax or other professional adviser immediately. The Independent Directors should advise Shareholders that

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the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer, as the case may be.

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

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

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. DIRECTORS

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

<u>Name</u>	<u>Address</u>	<u>Designation</u>
Sun Bingzhong	c/o 71 Ubi Road 1 #09-41 Oxley BizHub Singapore 408732	Executive Chairman and Chief Executive Officer
Wu Guoxing	c/o 71 Ubi Road 1 #09-41 Oxley BizHub Singapore 408732	Executive Director
Tang Teck Choon	c/o 71 Ubi Road 1 #09-41 Oxley BizHub Singapore 408732	Lead Independent Director
Zhou Jianxin	c/o 71 Ubi Road 1 #09-41 Oxley BizHub Singapore 408732	Independent Director
Zhu Ping	c/o 71 Ubi Road 1 #09-41 Oxley BizHub Singapore 408732	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732.

3. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 9 January 2006 and is listed on the Mainboard of the SGX-ST. The Group is principally engaged in the production and sale of a wide range of spray products comprising primarily of spray pumps, aluminium cans and plastic bottles that are used in the packaging of fast-moving consumer goods, pharmaceutical products and health supplements.

4. SHARE CAPITAL OF THE COMPANY

4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$35,050,354 comprising 402,000,000 issued Shares.

4.2 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which are available for inspection at the Company's registered office at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732. The relevant provisions have been extracted from the Constitution and are reproduced in **Appendix III** to this Circular. Capitalised terms and expressions not defined in this **Appendix III** have the meanings ascribed to them in the Constitution and/or the Companies Act.

4.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2015.

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4.4 Options

As at the Latest Practicable Date there are no other outstanding instruments convertible into, rights to subscribe for, and options in respect of, the Shares.

4.5 Transfer Restrictions

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

5. FINANCIAL INFORMATION

5.1 Consolidated Income Statements

A summary of the audited consolidated income statements of the Group for FY2013, FY2014 and FY2015, and the unaudited consolidated income statements of the Group for the nine (9) months ended 30 September 2016 is set forth below. The summary set out below should be read together with the annual reports of the Company, the audited consolidated financial statements of the Group for the relevant financial years, and the Company's announcement on the unaudited consolidated financial statements of the Group for the third quarter and nine (9) months ended 30 September 2016, and their accompanying notes, copies of which are available for inspection at the registered office of the Company at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732.

	Audited FY2013 RMB'000	Audited FY2014 RMB'000	Audited FY2015 RMB'000	Unaudited 9 months ended 30 September 2016 RMB'000
Revenue	299,599	311,963	316,354	78,251
Cost of sales	(229,801)	(253,349)	(256,287)	(63,589)
Gross profit	69,798	58,614	60,067	14,662
Other income	8,721	15,215	4,099	1,077
Other gains/(losses) – net	(2,097)	(2,687)	5,576	–
Expenses				
Distributions and marketing	(29,724)	(21,432)	(25,706)	(9,811)
Administrative	(65,066)	(26,149)	(6,344)	–
Finance	(22,458)	(22,307)	(22,517)	(4,695)
Share of (loss)/profit of associated company	–	732	(1,279)	–
Profit/(loss) before income tax	(40,826)	1,986	13,896	(18,859)
Income tax expense	–	–	–	–
Total comprehensive income (for the year and attributable to equity holders of the Company)	(40,826)	1,986	13,896	(18,859)
Earnings (loss) per share (RMB cents)				
- Basic and diluted	(10.2)	0.5	3.5	(4.69)
Dividends per Share for profit attributable to equity holders of the Company (RMB cents)	–	–	–	–

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

5.2 Balance Sheet

A summary of the audited consolidated balance sheet of the Group as at 31 December 2014 and 31 December 2015, and the unaudited consolidated balance sheet of the Group as at 30 September 2016 is set out below. The summary set out below should be read together with the annual reports of the Company, the audited consolidated financial statements of the Group for the relevant financial years, and the Company's announcement on the unaudited consolidated financial statements of the Group for the third quarter and nine (9) months ended 30 September 2016, and their accompanying notes, copies of which are available for inspection at the registered office of the Company at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732.

	Audited as at 31 December 2015 RMB'000	Unaudited as at 30 September 2016 S\$'000
ASSETS		
Current assets		
Inventories	54,997	49,727
Trade and other receivables	183,519	113,834
Cash and cash equivalents	110,549	91,066
Total current assets	349,065	254,627
Non-current assets		
Property, plant and equipment	342,135	311,833
Investment properties	22,626	22,164
Land use rights	24,100	23,650
Investments in subsidiary corporations	–	–
Investment in an associated company	29,453	29,453
Trade and other receivables	–	–
Total non-current assets	418,314	387,100
Total Assets	767,379	641,727
LIABILITIES		
Current liabilities		
Trade and other payables	79,701	68,655
Borrowings	395,939	382,350
Total current liabilities	475,640	451,005
Non-current liabilities		
Borrowings	2,015	–
Total liabilities	477,655	–
NET ASSETS	289,724	190,722
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	155,184	155,184
Currency translation reserve	(193)	(193)
Merger deficit	(587)	(587)
Statutory reserve fund	32,467	32,467
Retained profits/(Accumulated losses)	102,853	3,851
TOTAL EQUITY	289,724	190,722

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

5.3 Consolidated NTA per Share

The Consolidated Group NTA per Share of the Group based on the unaudited consolidated financial statements of the Group for the nine (9) months ended 30 September 2016 is RMB47.4. As at the Latest Practicable Date, save as disclosed in this Circular, the Directors are not aware of any material changes which may affect the above stated Consolidated NTA per Share.

5.4 Significant Accounting Policies and Changes

As at the Latest Practicable Date, there are no significant accounting policies nor any points from notes of the accounts of the Group which are of major relevance for the interpretation of the financial statements of the Group referred to in this Circular.

As at the Latest Practicable Date, there is no change in the accounting policies of the Group which will cause the figures disclosed in this **Appendix II** to be not comparable to a material extent.

5.5 Material Changes in Financial Position

Save as set out in publicly available information on the Group (including the audited consolidated income statements of the Group for FY2013, FY2014 and FY2015, and the unaudited consolidated income statements of the Group for the nine (9) months ended 30 September 2016), as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2015, being the date to which the Company's last published audited financial statements were made up.

6. DISCLOSURE OF INTERESTS

6.1 Shareholdings

- (a) **Interests of Directors in the Shares.** Save as disclosed below, none of the Directors has any direct or indirect interest in the (i) Shares or (ii) convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾
Directors						
Sun Bingzhong ⁽¹⁾	4,068,000	1.01	280,129,543	69.68	284,197,543	70.70
Wu Guoxing	—	—	—	—	—	—
Tang Teck Choon	—	—	—	—	—	—
Zhou Jianxin	—	—	—	—	—	—
Zhu Ping	—	—	—	—	—	—

Note:

- (1) Sun Bingzhong is deemed to be interested in the Shares held by Top Items by virtue of his equity interest in Top Items pursuant to Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).

- (b) **Dealings in Shares by the Directors.** None of the Directors has dealt for value in any (i) Shares and (ii) convertible securities, warrants, options or derivatives in respect of any Shares during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (c) **Shares owned or controlled by the IFA.** None of Provenance Capital, its related corporations or any of the funds whose investments are managed by Provenance Capital and its related corporations on a discretionary basis owns or controls any Shares as at the Latest Practicable Date.

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- (d) **Dealings in Shares by the IFA.** None of Provenance Capital, its related corporations or any of the funds whose investments are managed by Provenance Capital and its related corporations on a discretionary basis has dealt for value in any of the securities of the Company during the period commencing three (3) months prior to the Joint Announcement Date, and ending on the Latest Practicable Date.

6.2 Directors' Intentions in relation to the Exit Offer

Sun Bingzhong, being the Offeror and a Director of the Company, intends to vote all of his Shares in favour of the Delisting Resolution at the EGM to be convened in connection with the Delisting and to accept the Exit Offer.

Save for the above, none of the Directors has any direct or deemed interest in the Shares.

6.3 Other Disclosures

- (a) There are no service contracts between any of the Directors or proposed directors with the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation. There are no such service contracts entered into or amended by the Company or its subsidiaries during the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (b) It is not proposed that any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.
- (c) Save as disclosed in this Circular, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

6.4 Material Contracts

Save as disclosed in this Circular, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror as at the Latest Practicable Date.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons (as defined in the Note on Rule 23.12 of the Code) during the period commencing three (3) years prior to the Joint Announcement Date and ending on the Latest Practicable Date.

"Interested Person" is defined in Rule 23.12 of the Code as:

- (a) ***a director, chief executive officer or substantial shareholder of the Company;***
- (b) ***the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the Company;***
- (c) ***the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;***
- (d) ***any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;***

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- (e) *any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or*
- (f) *any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.”*

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation as plaintiff or defendant which might materially and adversely affect its financial position and the Directors are not aware of any proceedings (pending or threatened) against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

9. MATERIAL CHANGE IN INFORMATION

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

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

The provisions in the Constitution of the Company relating to the rights of the Shareholders in respect of capital, dividends and voting have been reproduced below:

ISSUE OF SHARES

3. (A) Subject to the Act and to these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, 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 in accordance with the Act, Provided Always that no options shall be granted over unissued shares while the Depository Receipts are listed and quoted on the Designated Stock Exchange and except in accordance with the Act and the Designated Stock Exchange's Listing Rules.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) When the Company issues new shares, the subscriber shall not pay the share price by way of setting-off any claims of the subscriber against the Company or any other right of the subscriber to receive money from the Company.

(D) Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be issued subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

4. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. While the Depository Receipts are listed and quoted on the Designated Stock Exchange, the Company shall follow the relevant procedures and methods prescribed in the Act and the Listing Rules when acquiring Depository Receipts.

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, 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 5(A).

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(B) Notwithstanding Article 5(A) above, the Company may, by way of the following resolutions at a General Meeting, give to the Directors a general authority to act as prescribed in such resolutions, either unconditionally or subject to such conditions as may be specified in the relevant resolution:—

- (a) (i) an Ordinary Resolution at a General Meeting to issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise in the proportion to the shareholdings of the shareholders; and/or
- (ii) a Special Resolution at a General Meeting to make or grant offers, agreements or options (collectively, “Instruments”) to a person other than a shareholder and/or to shareholder(s) other than in accordance with (i) above that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) A resolution of General Meeting (notwithstanding the authority conferred by such resolution may have ceased to be in force) to issue shares in pursuance of any Instrument made or granted by the Directors while the resolution was in force,

Provided that:—

- (1) the aggregate number of shares to be issued pursuant to the resolution of General Meeting (including shares to be issued in pursuance of Instruments made or granted pursuant to the resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;
- (2) in exercising the authority conferred by the resolution of General Meeting, the Company shall comply with the provisions of the Listing Rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Articles; and
- (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the resolution of General Meeting shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the 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).

(C) The Company may, notwithstanding Articles 5(A) and 5(B) above, authorize the Directors not to offer 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 on such terms and conditions as the Company may direct. Notwithstanding the foregoing, the Company may not authorize the Directors not to offer new shares to the holder(s) of the shares which underlie the Depository Receipts.

5A (A) A contributor intending to make an in-kind contribution shall deliver to the Company all necessary documents and evidences which are necessary and sufficient enough for the title of such in-kind contribution to be transferred to the Company clear of all encumbrances and restrictions on or before the payment date of the subscription money for the new shares.

(B) The Directors of the Company shall require the contributor making an in-kind contribution to provide the Company with a fair valuation report of such contribution which is made and duly signed by an independent appraiser with good reputation and qualifications who is duly permitted to act as an appraiser. The Directors shall exercise prudent inspection with necessary duty of care on the fairness of such valuation. The Directors shall not accept any in-kind contribution (i) if the contributor would not provide such fair value estimation satisfactory to the Directors or (ii) if the Directors has any

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reasonable doubt with regard to the independence, trustworthiness, reputation, prudence, qualification or competence of the appraiser or (iii) if the Directors has any reasonable doubt with regard to the fairness of the valuation, adequacy of the valuation method, any underlying assumption, forecasting or any basis for such valuation.

(C) The failure of the Directors or the Company to satisfy the requirements of paragraph (A) or (B) above shall constitute the failure of the Directors or the Company to satisfy the requirement of the issuance of shares under these Articles, and in such an event, the shareholder(s) shall have the right to seek statutory or equitable remedies through the competent court, which remedies shall include, without limitation, any injunction or specific performance appropriate for the correction of the unfairness or prevention of damage to the shareholders.

6. (A) The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

(B) When the Company issues new shares, the Company shall designate a separate account to (i) receive the payment for the subscription money from the subscriber and (ii) keep such subscription money for the new shares until the completion of the issuance of new shares. The Company shall notify subscribers of relevant information about such designated account prior to the payment of subscription money and shall not change such designation without a separate notice of change prior to the payment of subscription money by the subscribers.

(C) If the subscriber fails to fully pay the subscription money for the shares it subscribed, the Directors of the Company may dispose of those shares in such manner that it deems appropriate.

7. Where any shares 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 pay interest on so much of that share capital as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.

8. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. 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, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrears.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

ALTERATION OF SHARE CAPITAL

10. The Company may by Ordinary Resolution:-

- (a) consolidate and divide all or any of its share capital;
- (b) sub-divide its shares, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;

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- (c) convert or exchange any class of shares into or for any other class of shares; and/or
- (d) cancel the number of shares which at the date of the passing of the resolution in that behalf 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 number of the shares so cancelled.

11. (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.

(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the “Relevant Laws”), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to 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 hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(C) The Company may purchase or otherwise acquire the Depository Receipts subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the “Relevant Laws”), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any Depository Receipts purchased or acquired by the Company as aforesaid shall be held by the Company (to be sold at a later date) or converted into shares in accordance with the Relevant Laws.

EXCLUSION OF EQUITIES

42. Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (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 the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these Articles contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

STOCK

43. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.

44. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previous 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.

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45. 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 participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

GENERAL MEETINGS

46. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting and not more than four months following the close of the financial year) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed such period as may be prescribed by the Designated Stock Exchange from time to time.

47. (A) The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes and these Articles, proceed with proper expedition to convene an Extraordinary General Meeting.

(B) Without prejudice to the Statutes and the Listing Rules of each Designated Stock Exchange, the Directors shall, on (i) the requisition of one or more members holding as of the date of the deposit of the requisition not less than 10% of the paid-up capital as at the date of the deposit carries the right of voting at general meetings; (ii) requisition by the internal auditor with a statement containing purpose and reason for holding such meeting which Directors determines that general meeting is necessary; or (iii) order by court of competent jurisdiction, immediately proceed duly to convene an extraordinary general meeting of the Company to be held as soon as practicable but in any case not later than 2 months after the receipt by the Company of the requisition.

(C) One or more members holding, at the date of proposal, not less than 3% of the paid-up capital as at the date of the proposal carries the right of voting at general meetings, may propose an agenda for a General Meeting.

NOTICE OF GENERAL MEETINGS

48. (A) Any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in manner hereinafter mentioned to all Members other than such as are not under the provisions of these Articles entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at thereat;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

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(B) At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press in Singapore and in writing to the Designated Stock Exchange, Provided Always that in the case of any Annual General Meeting or Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Annual General Meeting or Extraordinary General Meeting shall be given to the Designated Stock Exchange. While the Depository Receipts are listed and quoted on the Designated Stock Exchange, the purpose and the agenda of the proposed General Meeting shall be advertised at least one (1) day prior to the relevant notice period specified in the foregoing in at least two Korean daily newspapers and be notified in writing to the Korea Securities Depository.

49. (A) Every notice calling a General Meeting shall specify the place, the day and hour and the purpose and agenda of the meeting and, in the event a director or internal auditor is to be appointed, details of the nominees for the relevant position, 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 vote instead of him and that a proxy need not be a Member of the Company.

(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(C) In the case of any General Meeting at which business other than routine business ("special business") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

50. (A) Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-

- (a) declaring Dividends;
 - (b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
 - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
 - (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
 - (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
 - (f) fixing the Directors fees.
- (B) Without prejudice to the Listing Rules of each Designated Stock Exchange and the Statutes, the Company shall approve the following businesses by Special Resolution:-
- (a) alteration of any conditions (including without limitation any change to the existing object) of the Memorandum of the Company;
 - (b) alteration of any Article;
 - (c) change of the name of the Company;
 - (d) (in case the Depository Receipts are listed and quoted on the Designated Stock Exchange) purchase its issued shares or the Depository Receipts (other than the purchase by tender offer or purchase on the market operated by the Designated Stock Exchange pursuant to the Listing Rules);

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- (e) arrangement of comprehensive share swap or share transfer with another company or shareholders of such company, which causes a comprehensive change of the shareholding structure of Company or the approval of any contract for such arrangement;
- (f) arrangement for division or spin-off or split-off of any part of the Company, Company's business or Company's assets and/or debts;
- (g) arrangement with other company or any shareholder thereof, which shall cause a comprehensive change of the shareholding structure of the Company as a result of consolidation or merger by which (i) the legal entity of the relevant companies shall be consolidated into one company or (ii) the legal entity of the Company shall be terminated and the shareholders of the Company shall be the shareholder of other company or the approval of any contract for such arrangement;
- (h) application for winding up of the Company by court of competent jurisdiction;
- (i) voluntary winding up of the Company and the approval of the appointment of liquidator resulting therefrom;
- (j) the acquisition of Shares and/or Depository Receipts pursuant to Article 11;
- (k) in relation to the subsidiaries of the Company, any action of the Company or the Directors which causes the change of the articles of association, company form, disposal, liquidation or winding-up of the subsidiary or which procures any merger of the subsidiary with another company or which causes any split or spin-off (spin—up) of the subsidiary or any arrangement of comprehensive share swap or share transfer which may cause a comprehensive change of the shareholding structure of the subsidiary, as described in item (f) above;
- (l) entrustment of the management conduct of the Company to a person other than the Directors;
- (m) disposal or transfer of the whole or any material part of the assets of the Company or of any subsidiary of the Company to other person;
- (n) (i) acquisition of the whole or any material part of the business of another person by the Company or any subsidiary of the Company, or (ii) transfer of the whole or any material part of the business of the Company or any subsidiary of the Company to another person, or (Hi) acquisition of any part of the business of any person, by the Company or the subsidiary of the Company, which may have a material effect on the business of the Company or such subsidiary;
- (o) any action of the Company or the Directors in relation to the disposal of shares of subsidiary held by the Company;
- (p) establishment of a new company for the purpose of acquiring a new subsidiary;
- (q) acquisition of shares or other securities convertible into shares of another company which are no less than 50% of the aggregate equity shares or securities convertible into shares of such company;

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- (r) any action of the Company or the Directors (regardless of whether such action is taken by way of exercising the shareholder's right as the shareholder of the subsidiary or by way of exercising actual control, directly or indirectly, upon the subsidiary) which procures the subsidiary or the board or any managing entity of such subsidiary to issue and allot shares or securities convertible into shares of the subsidiary (i) to the existing shareholders of such subsidiary, not in proportion to each shareholder's existing shareholding ratio, or (H) to a person other than the existing shareholders of such subsidiary; and
- (s) lending of the assets of the subsidiary of the Company to a third party or provision of such assets as collateral for a third party.

50. (C) Without prejudice to the Listing Rules of each Designated Stock Exchange and the Statutes, the Company shall not provide financial assistance for the purpose of, or in connection with, an acquisition or proposed acquisition by a person of shares or units of shares in the Company unless a resolution has been passed by all members of the Company present and voting either in person or by proxy at the relevant meeting to give that assistance and such votes in favour of the resolution should represent at least one third of the existing total paid-up share capital of the Company having the right to vote at such meeting.

51. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

52. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any General Meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the General Meeting.

53. No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members present in person or by proxy, provided that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present.

54. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) 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 (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint.

55. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) 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. Where a General Meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

56. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.

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

58. 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 by:-

- (a) the chairman of the meeting; or
- (b) not less than two Members present in person or by proxy and entitled to vote; or
- (c) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the Members having the right to vote at the General Meeting; or
- (d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, of which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the share conferring that right,

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting. While the Depository Receipts are listed and quoted on the Designated Stock Exchange, a resolution may be adopted at a General Meeting only through the method of poll.

59. Unless a poll is required, a declaration by the chairman of the General Meeting 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 that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the General Meeting may (and if so directed by the meeting 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.

60. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a casting vote.

61. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the chairman of the Meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

62. Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of shares, and to Article 4, each Member entitled to vote may vote in person or by proxy. On a show of hands every Member who is present in person or by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by

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a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents. For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

63. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

64. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by Membership in relation to General Meetings.

65. No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

66. No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the General Meeting whose decision shall be final and conclusive.

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

68. (A) A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, provided that if the Member is a Depositor, the Company shall be entitled and bound:-

- (a) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP 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.

(B) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

- (C) A proxy need not be a Member of the Company.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

69. (A) An instrument appointing a proxy for any Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

- (a) in the case of an individual Member, shall be signed by the Member or his attorney duly authorised in writing; and
- (b) in the case of a Member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorized officer of the corporation.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a Member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.

70. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the Office) 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 taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General 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 require again to be delivered for the purposes of any subsequent meeting to which it relates.

71. An instrument appointing a proxy shall be deemed to include the right to demand or join indemanding a poll and to speak at the General Meeting.

72. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

73. Subject to these Articles and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

CORPORATIONS ACTING BY REPRESENTATIVES

74. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any General Meeting. The person so authorized shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of these Articles (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorized is present thereat.

DIVIDENDS

123. The Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

124. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

125. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:-

- (a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

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

126. (A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. 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 remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that 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. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.

(B) A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

127. No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

128. (A) The Directors may retain any Dividend or other monies 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.

(B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

129. The waiver in whole or in part of any Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

130. 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) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Member 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.

131. 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 appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register 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 Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend or other moneys payable or property distributable on or in respect of the share.

133. Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, shall specify that the Dividend will be payable in accordance with the respective registered holdings of shareholders as determined pursuant to Article 143A herein.

BONUS ISSUES AND CAPITALIZATION OF PROFITS AND RESERVES

134. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 5(B)):

- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
 - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an Ordinary Resolution passed pursuant to Article 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or
- (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- (ii) (in the case of an Ordinary Resolution passed pursuant to Article 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Article 134, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(C) In addition and without prejudice to the powers provided for by this Article 134, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in General Meeting and on such terms as the Directors shall think fit.

WINDING UP

145. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

146. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the Members *in specie* or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members of different classes of Members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

APPENDIX IV – VALUATION REPORT



國富浩華（香港）諮詢評估有限公司
Crowe Horwath (HK) Consulting & Valuation Limited
Member Crowe Horwath International

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Our Ref.: VC/LLO/1419/2016

Date : 28 November 2016

The Board of Directors
Sunmart Holdings Limited
71 Ubi Road 1 #09-41,
Oxley Bizhub Singapore 408732
Singapore

Dear Sirs,

**RE: Valuation of Real Estate, Machinery and Equipment held by Sunmart Holdings Limited
in the People's Republic of China**

In accordance with an instruction for us to value certain real estate, machinery and equipment (altogether as the “properties”) held by **Sunmart Holdings Limited** (the “Company”) and its subsidiaries (hereinafter together known as the “Group”) in the People’s Republic of China (the “PRC”) with details stated in the valuation certificate attached, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such properties as at **30 September 2016** (the “Date of Valuation”) for **the purpose of the proposed voluntary delisting** only.

We, Crowe Horwath (HK) Consulting & Valuation Limited, the independent valuer to the Company in respect of **the purpose of the proposed voluntary delisting**, hereby consent to, and confirm that we have not withdrawn our consent to, the issue of the Circular with the inclusion therein of our report to the Circular and/or letter(s) and/or certificate(s) and/or opinion(s) (where applicable) and reference to our name in the form and context in which they respectively appear in the Circular and to be used in public documents for inspection.

Valuation Basis

Our valuation is carried out on a Market Value basis, which is defined as “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.”

This valuation is complied with The HKIS Valuation Standards published by the Hong Kong Institute of Surveyors (“HKIS”), the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors (“RICS”) and the International Valuation Standards (“IVS”) published by the International Valuation Standards Council.

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Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

For the purpose of valuation, we have adopted the areas as appeared in the copies of the documents as provided, and no further verification work has been conducted.

For the purpose of compliance with rule 26.3 of The Singapore Code On Take-Overs and Mergers and as advised by the Company, the potential tax liability which would arise on the disposal of the property interests held by the Group in the PRC, for the amount of market value minus the cost of purchase, comprise PRC business tax (5% of net revenue), title deed tax (3% which is paid by vendor normally), PRC stamp duty (0.05%), PRC land appreciation tax (ranging from 30% to 60% of the appreciated amount) and PRC corporate income tax (25% of the profit on disposal of the property). The exact amount of the tax payable upon realization of the relevant properties will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal by presenting the relevant transaction documents. As advised by the Company, the Group has no intention to dispose of them. Hence, the likelihood of the potential tax liability being crystallized is remote.

Real Estate Valuation Methodology

For the property interests which are completed and held by the Group in the PRC, we have valued each of those real estate by the comparison approach. The property interests valued by the comparison approach consist of comparisons based on prices realized or current asking prices of comparable properties. Comparable properties of similar size, character and location are selected and then analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of Market Value.

We have also valued the hotel property by the income approach. As the hotel property is leased to a 3rd party, income approach takes into account the current passing rent of the property interests and their reversionary potential, and we capitalized the existing tenancy in the remaining term into the term interest and assembled it with the reversionary interest, which has been derived by discounting the income potential as assessed by the comparison method with an appropriate property yield.

Machinery & Equipment Valuation Methodology & Assumption

For the purpose of this appraisal, we reviewed the asset listings of the Machinery and Equipment as well as other related technical specifications and documents supplied to us by the Company. We have relied to a considerable extent on such listings, specifications and documents in arriving at our opinion of value. The



balance of the information provided by the Company, after adjustments based on our observation, although not subject to a detailed verification, was accepted as reasonably representing the facts.

It should be noted that our site inspection did not include a detailed verification and making a list of all existing assets. In arriving at our value conclusion, we assumed adequate maintenance is provided to the equipment. We also assumed the machinery and equipment would be able to perform efficiently for the purpose for which it was designed or built.

Any deferred maintenance, physical wear and tear, operating malfunctions, lack of utility, or other observable conditions distinguishing the Machinery and Equipment from equipment of like kind in new condition were noted and made part of our judgment in arriving at the value.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We also assumed that that no material facts have been omitted from the information provided by the Company. We considered we have been provided with sufficient information to reach an informed view.

Our approach in valuing the Machinery and Equipment relied on using the appropriate techniques to arrive at our estimates of value. We considered the three generally recognized approaches to value, namely, the Income Approach, Market Approach, and Cost Approach.

For this appraisal, since the future income streams for individual pieces of machinery and equipment could not be determined, the income approach was deemed inappropriate. Furthermore, the non-transparent nature of the used market for similar production equipment meant that the market approach was not applicable. For this appraisal, we mainly relied on the cost approach to arrive at our value conclusion.

The Cost Approach is based on the current cost to recreate or duplicate the asset less an appropriate allowance for depreciation from all causes such as physical, functional, and economic. Incorporated in the Cost Approach is the economic principle of substitution that states an informed purchaser would pay no more for a property than the cost of purchasing or producing a substitute property with the same utility as the appraised property.

Primary sources of data utilized in our analysis included the following:

- Fixed Asset Records as of 30 September 2016 provided by the Company,
- Relevant price indices from China Statistical Yearbook, and
- Price quotation from manufacturers.

In applying the cost approach, where possible, we attempted to obtain the replacement cost new from equipment vendors/suppliers. When this information was not available, we applied the appropriate price indices to the recorded historical cost to estimate the replacement/reproduction cost new as of the Date of Valuation.



Based on the data provided by the Company, the overall utilization rate of the production lines is estimated to be 51%, for this reason, economical obsolescence was applied to the machinery and equipment of the production lines.

Source of Information

We have been provided with extracts from title documents relating to such property interests. We have also been provided legal opinion on the subject real estate interests as prepared by lawyer(s), Jiangsu Chunshen Law Firm, as employed by the Company. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, the sales records, the records of planning approvals, statutory notices, easements, tenancies, site areas, floor areas, age of assets, machinery and equipment list, book cost, etc.. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

Site inspections of the properties were carried by Mr. Sean Wu MRICS, Assistant Manager, in November 2016. The staff responsible for the inspections have about ten years of experience in the property sector. We have inspected the exterior and, where possible, the interior of the properties and the major plant & equipment. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services and the equipment. Therefore, we are not able to report whether the properties are free of rot, infestation or any other defects. We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for any future development. We have not carried out any investigation into past or present uses, either of the properties or of any neighboring land, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists.

The land registration system of the PRC forbids us to search the original documents of the properties that are filed in the relevant authorities, and to verify legal titles or to verify any material encumbrances or amendment which may not appear on the copies handed to us. In valuing the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the properties for respective specific terms at nominal annual land use fees have been granted and that any land grant premium payables have already been fully paid. Unless otherwise stated, we have also assumed that the Group has enforceable titles to the properties and has free and uninterrupted rights to occupy, use, transfer, lease or assign the properties for the whole of the respective unexpired terms as granted.



Limitation of Liabilities

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

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

The responsible valuer(s) is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation assignment. Our findings or conclusion of values of the properties in this report are valid only for the stated purpose and at the Date(s) of Valuation, and for the use of the Company and Provenance Capital Pte. Ltd. (as the independent financial adviser to the directors who are considered independent for the purpose of the exit offer in connection with the proposed delisting of the Company). We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer(s) accepts no responsibility whatsoever to any other person.

This report has been prepared for full inclusion in the circular to be despatched by the Company to its shareholders in relation to the proposed delisting of the Company. Save for the aforementioned, neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Company contractual undertakings in respect of their services and shall be deemed to have paid to the Company such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding ten (10) times of the amount of our agreed fee(s) for this engagement or HK\$500,000, whichever the lower. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud.

APPENDIX IV – VALUATION REPORT



of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,

For and on behalf of
Crowe Horwath (HK) Consulting & Valuation Limited

Leo M Y LO MRICS, MHKIS
Director

APPENDIX IV – VALUATION REPORT



SUMMARY OF VALUES

Property	Market Value in existing state as at 30 September 2016
1. Office Building and Research & Development Center No. 268 Huan Dong Road, Huang Tang, Xu Xia Ke Town, Jiangyin City, Wuxi, Jiangsu Province, The PRC	<u>Real Estate:</u> RMB40,000,000 <u>Machinery & Equipment:</u> RMB6,400,000
2. Sunmart Hotel No. 26 Wai Huan Bei Road, Huang Tang, Xu Xia Ke Town, Jiangyin City, Wuxi, Jiangsu Province, The PRC	RMB34,000,000
3. Industrial Premises at No. 5 Feng Xiang Raod and No. 6 Feng Huang Road, Huang Tang, Xu Xia Ke Town, Jiangyin City, Wuxi, Jiangsu Province, The PRC	<u>Real Estate:</u> RMB176,000,000 <u>Machinery & Equipment:</u> RMB70,380,000
Total Value:	RMB326,780,000

As advised by the Company, the above valuation would result in revaluation surpluses/(deficits) above/(below) the net book value of the respective assets as at 30 September 2016 with a breakdown shown in the table below.

RMB'000	Net book value as at 30 September 2016	Market Value in existing state as at 30 September 2016	Revaluation surplus / (deficit)
(i) Buildings of <i>Property</i> Nos. 1 & 3	RMB225,959	RMB148,900	RMB(77,059)
(ii) Plant & equipment of <i>Property</i> Nos. 1 & 3	RMB85,874	RMB76,780	RMB (9,094)
(iii) Investment property (i.e. <i>Property</i> No. 2)	RMB22,164	RMB34,000	RMB11,836
(iv) Land use rights of <i>Property</i> Nos. 1 & 3	RMB23,650	RMB67,100	RMB43,450
Total	RMB357,647	RMB326,780	RMB(30,867)

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VALUATION CERTIFICATE

			Market value in existing state as at 30 September 2016								
Property	Description and tenure	Occupancy details									
1. Office Building and Research & Development Center No. 268 Huang Tang Huan Dong Road, Xu Xia Ke Town, Jiangyin City, Wuxi, Jiangsu Province, The PRC	The property comprises an 8-storey office building and a 4-storey Research & Development Center for non-domestic use. The property is owned by Wuxi Sunmart Plastic Industrial Co., Ltd., which is a manufacturers of spray pumps, aluminum cans, and plastic bottles. The Company's products are used to package hair products, cosmetics, perfume, deodorant, detergent, disinfectants and antiseptics, and health supplements. Real Estate The buildings were completed in 2008 with a total gross floor area of approximately 18,784.86 sqm. A breakdown of gross floor area is shown as below: <table><tr><th>Usage</th><th>GFA (sqm)</th></tr><tr><td>Office Building (Non-Domestic)</td><td>10,581.86</td></tr><tr><td>R&D Center (Non-Domestic)</td><td>8,203.00</td></tr><tr><td>Total</td><td>18,784.86</td></tr></table> The property occupies a total site area of approximately 14,285 sqm. The land use rights of the property have been granted for terms expiring on 30 December 2056 for industrial use and 7 November 2047 for commercial use. Machinery & Equipment The valuation includes production equipment and machinery, electrical devices, vehicles and furniture.	Usage	GFA (sqm)	Office Building (Non-Domestic)	10,581.86	R&D Center (Non-Domestic)	8,203.00	Total	18,784.86	As at the Date of Valuation, the property is owner-occupied.	Real Estate: RMB40,000,000 (RENMIBI FORTY MILLION) Machinery & Equipment: RMB6,400,000 (RENMIBI SIX MILLION FOUR HUNDRED THOUSAND)
Usage	GFA (sqm)										
Office Building (Non-Domestic)	10,581.86										
R&D Center (Non-Domestic)	8,203.00										
Total	18,784.86										

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The overall using rate of the production line is 51%, economic loss is considered in calculating the fair valuation.

Notes:

- a) Pursuant to two Land Use Rights Certificates, the land use rights of two parcels of lands with a total site area of approximately 17,485 sqm have been granted to Wuxi Sunmart Plastic Industrial Co., Ltd. (无锡圣马塑业有限公司). A summary of the said certificates is as follows:

Certificate Number	Site Area (sqm)	Usage	Land Use Term Expiry Date
Cheng Tu Guo Yong (2007) No. 2808	13,234	Industrial	30 December 2056
Cheng Tu Guo Yong (2007) No. 15175	4,251	Commercial	7 November 2047
Total :	17,485		

- b) Pursuant to a Building Ownership Certificate, the building ownership of the property has been granted to Wuxi Sunmart Plastic Industrial Co., Ltd.. The details of the certificate are summarized as below:

Certificate Number	GFA (sqm)	Usage	Registration Date
Fang Quan Zheng Cheng Zi No. fqy0002684	10,581.86	Non-domestic	31 December 2008
Fang Quan Zheng Cheng Zi No. fqy0002684	8,203	Non-domestic	31 December 2008
Total :	18,784.86		

- c) As advised by the Company and the Company's PRC legal adviser, the property only comprises portion of the lands of the abovementioned certificates.

APPENDIX IV – VALUATION REPORT



d) A breakdown of the above value on land and building as at 30 September 2016 is summarized as below:

Portion	Land (RMB)	Building (RMB)
Real Estate	6,100,000	33,900,000

e) We have been provided with a legal opinion on the real estate interests by the Company's PRC legal adviser, which contains, inter alia, the following :

- i) Parts of the lands as stated in Cheng Tu Guo Yong (2007) No. 2808 and Cheng Tu Guo Yong (2007) No. 15175 were resumed to Government in 2012 and 2014. The resumed site areas were approximately 1,320 sqm and 1,880 sqm, and the site areas of the relevant lands became 11,914 sqm and 2,371 sqm respectively. The land resumption was for road widening purpose and no compensation was contributed to the Group;
 - ii) The property was subject to mortgage; and
 - iii) Except for the mortgage, the Company has legal rights to possess, use, lease, transfer and mortgage the relevant land use rights.
- f) In our valuation, with the consideration of the above legal opinion, we have assumed the subject property is free from encumbrances and is free transferrable in the market without any additional land premium, grant fee or other onerous payment to the relevant authorities.

APPENDIX IV – VALUATION REPORT



VALUATION CERTIFICATE

Property	Description and tenure	Occupancy details	Market value in existing state as at 30 September 2016
2. Sunmart Hotel No. 26 Huang Tang Wai Huan Bei Road, Xu Xia Ke Town, Jiangyin City, Wuxi, Jiangsu Province, The PRC	The property comprises a 6-storey hotel which was completed in 2008. The property has a gross floor area of approximately 9,705.81 sqm with 90 guest rooms and various ancillary facilities like restaurant and karaoke rooms. The property occupies a site with an area of approximately 2,371 sqm. The land use rights of the property have been granted for terms expiring on 7 November 2047 for commercial use.	As at the Date of Valuation, the hotel was operated by a third party at annual rent of RMB380,000 expiring on 31 December 2017.	RMB34,000,000 (RENMINBI THIRTY-FOUR MILLION)

Notes:

- a) Pursuant to a Land Use Rights Certificate, the land use rights of on parcel of land with a site area of approximately 4,251 sqm has been granted to Wuxi Sunmart Plastic Industrial Co., Ltd. (无锡圣马塑业有限公司). A summary of the said certificate is as follow:

Certificate Number	Site Area (sqm)	Usage	Land Use Term Expiry Date
Cheng Tu Guo Yong (2007) No. 15175	4,251	Commercial	7 November 2047

- b) Pursuant to a Building Ownership Certificate, the building ownership of the property has been granted to Wuxi Sunmart Plastic Industrial Co., Ltd.. The details of the certificate is summarized as below:

Certificate Number	GFA (sqm)	Usage	Registration Date
Fang Quan Zheng Cheng Zi No.fqy0002685	9,705.81	Non-domestic	31 December 2008

- c) As advised by the Company and the Company's PRC legal adviser, the property only comprises portion of the land of the abovementioned certificate.

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APPENDIX IV – VALUATION REPORT



- d) A breakdown of the above value on land and building as at 30 September 2016 is summarized as below:

Portion	Land (RMB)	Building (RMB)
Property	3,600,000	30,400,000

- e) We have been provided with a legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following :
- i) Parts of the land as stated in Cheng Tu Guo Yong (2007) No. 15175 were resumed to Government in 2012 and 2014. The total resumed site area was approximately 1,880 sqm and the site area became 2,371 sqm. The land resumption was for road widening purpose and no compensation was contributed to the Group;
 - ii) The property was subject to mortgage; and
 - iii) Except for the mortgage, the Company has legal rights to possess, use, lease, transfer and mortgage the relevant land use rights.
- f) As informed by the Company, furniture, fixtures and fittings, operating equipment, etc. are owned by the tenant. Our valuation comprises the land and building only.
- g) In our valuation, with the consideration of the above legal opinion, we have assumed the subject property is free from encumbrances and is free transferrable in the market without any additional land premium, grant fee or other onerous payment to the relevant authorities.

APPENDIX IV – VALUATION REPORT



VALUATION CERTIFICATE

			Market value in existing state as at 30 September 2016																						
Property	Description and tenure	Occupancy details																							
3. Industrial Premises at No. 5 Huang Tang Feng Xiang Road and No. 6 Huang Tang Feng Huang Road, Xu Xia Ke Town, Jiangyin City, Wuxi, Jiangsu Province, The PRC	The property comprises an industrial development including five 2-storey workshops, one 2-storey purification workshop, one 2-storey canteen and two 6-storey dormitories and ancillary facilities. The property is owned by Wuxi Sunmart Technologies Co., Ltd., which is a manufacturers of spray pumps, aluminum cans, and plastic bottles. The Company's products are used to package hair products, cosmetics, perfume, deodorant, detergent, disinfectants and antiseptics, and health supplements. Real Estate The buildings were completed in 2008 with a total gross floor area of approximately 87,981.27 sqm. A breakdown of gross floor area is shown as below: <table><tr><th>Usage</th><th>GFA (sqm)</th></tr><tr><td>Workshop I</td><td>15,748.72</td></tr><tr><td>Workshop II</td><td>13,392.40</td></tr><tr><td>Purification Workshop</td><td>9,441.98</td></tr><tr><td>Workshop V</td><td>8,351.03</td></tr><tr><td>Dormitory I</td><td>6,495.64</td></tr><tr><td>Dormitory II</td><td>6,495.64</td></tr><tr><td>Canteen</td><td>4,436.77</td></tr><tr><td>Workshop VI</td><td>8,103.25</td></tr><tr><td>Workshop IV</td><td>15,515.84</td></tr><tr><td>Total</td><td>87,981.27</td></tr></table> The property occupies lands with a total area of approximately 119,871 sqm. The land use rights of the property have been granted to the Group for terms expiring on 16 December 2057 and 11 January 2057 for industrial use.	Usage	GFA (sqm)	Workshop I	15,748.72	Workshop II	13,392.40	Purification Workshop	9,441.98	Workshop V	8,351.03	Dormitory I	6,495.64	Dormitory II	6,495.64	Canteen	4,436.77	Workshop VI	8,103.25	Workshop IV	15,515.84	Total	87,981.27	As at the Date of Valuation, the property is owner-occupied.	Real Estate Valuation: RMB176,000,000 (RENMIBI ONE HUNDRED SEVENTY SIX MILLION) Machinery & Equipment Valuation: RMB70,380,000 (RENMIBI SEVENTY MILLION AND THREE HUNDRED EIGHTY THOUSAND)
Usage	GFA (sqm)																								
Workshop I	15,748.72																								
Workshop II	13,392.40																								
Purification Workshop	9,441.98																								
Workshop V	8,351.03																								
Dormitory I	6,495.64																								
Dormitory II	6,495.64																								
Canteen	4,436.77																								
Workshop VI	8,103.25																								
Workshop IV	15,515.84																								
Total	87,981.27																								

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APPENDIX IV – VALUATION REPORT



Machinery & Equipment

The valuation includes production equipment and machinery, electrical devices, vehicles and furniture.

The overall using rate of the production line is 51%, economic loss is considered in calculating the fair valuation.

Notes:

- a) Pursuant to two Land Use Rights Certificates, the land use rights of two parcels of lands with a total site area of approximately 119,871 sqm have been granted to Wuxi Sunmart Technologies Co., Ltd. (无锡圣马科技有限公司). A summary of the said certificates are as follows:

Certificate Number	Site Area (sqm)	Usage	Land Use Term Expiry Date
Cheng Tu Guo Yong (2007) No. 18632	53,333	Industrial	16 December 2057
Cheng Tu Guo Yong (2007) No. 3334	66,538	Industrial	11 January 2057
Total :	119,871		

- b) Pursuant to three Building Ownership Certificates, the building ownerships of the property have been granted to Wuxi Sunmart Technologies Co., Ltd.. The details of the certificate are summarized as below:

Certificate Number	GFA (sqm)	Usage	Registration Date
Fang Quan Zheng Cheng Zi No. fgy0002683	38,583.10	Non-domestic	31 December 2008
Fang Quan Zheng Cheng Zi No. fgy0002686	21,342.31	Non-domestic	31 December 2008
Fang Quan Zheng Cheng Zi No. fgy0002687	28,055.86	Non-domestic	31 December 2008
Total :	87,981.27		

- c) A breakdown of the above value on land and building as at 30 September 2016 is summarized as below:

Portion	Land (RMB)	Building (RMB)
The Property	61,000,000	115,000,000

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Date : 28 November 2016

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APPENDIX IV – VALUATION REPORT



- d) We have been provided with a legal opinion on the property interests by the Company's PRC legal adviser, which contains, inter alia, the following :
 - i) The property was subject to mortgage; and
 - ii) Except for the mortgage, the Company has legal rights to possess, use, lease, transfer and mortgage the relevant land use rights.
- e) In our valuation, with the consideration of the above legal opinion, we have assumed the subject property is free from encumbrances and is free transferrable in the market without any additional land premium, grant fee or other onerous payment to the relevant authorities.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SUNMART HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration No. 200600432W)

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the circular to Shareholders dated 21 February 2017.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of Sunmart Holdings Limited ("**Company**") will be held at Seletar Country Club, 101 Seletar Club Road, Kingfisher Room 3, Level 1, Singapore 798273 on 8 March 2017 at 9.00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Delisting Resolution**"):

DELISTING RESOLUTION

Approval for the Voluntary Delisting of the Company

That:

- (1) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual ("**Delisting Proposal**"), pursuant to which the Exit Offer would be made to the shareholders of the Company on the terms and conditions set out in the Circular, be and is hereby approved; and
- (2) the directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Delisting Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board

Sun Bingzhong
Executive Chairman and Chief Executive Officer
21 February 2017

Notes:

1.
 - (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the extraordinary general meeting ("**Meeting**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

2. Where a member appoints more than one proxy, he/she/it should specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
4. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
7. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732 not less than 48 hours before the time appointed for holding the meeting.
8. A proxy need not be member of the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

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

PROXY FORM

SUNMART HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration No. 200600432W)

**Important:
CPF Investors**

- For investors who have used their CPF money to buy Shares in Sunmart Holdings Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the EGM as OBSERVERS must submit their requests through their respective CPF Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the timeframe specified. (Agent Banks: Please see Note 9 on required format.) Any voting instructions must also be submitted to their Agent Banks within the timeframe specified to enable them to vote on the CPF investor's behalf.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 21 February 2017.

*I/We, _____ (Name) *NRIC/Passport/Co. Reg. No. _____
of _____ (address)
being a *member/members of SUNMART HOLDINGS LIMITED ("**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

or failing *him/them the Chairman of the Extraordinary General Meeting of the Company ("**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held at Seletar Country Club, 101 Seletar Club Road, Kingfisher Room 3, Level 1, Singapore 798273 on 8 March 2017 at 9.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolution to be proposed at the Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

Please indicate your vote "For" or "Against" with an "X" within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate.

No.	Resolution	Number of Votes for	Number of Votes against
1.	To approve the voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual		

Dated this _____ day of _____ 2017

Total Number of Shares held in :

CDP Register

Register of Members

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

* Please delete accordingly

IMPORTANT: PLEASE READ THE NOTES OVERLEAF



PROXY FORM

Notes:

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

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

2. Where a member appoints more than one proxy, he/she/it should specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 71 Ubi Road 1, #09-41, Oxley BizHub, Singapore 408732 not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as observers are requested to submit in writing, a list of details of the members' names, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.