

CIRCULAR DATED 8 JUNE 2021

THIS CIRCULAR IS ISSUED BY CHEUNG WOH TECHNOLOGIES LTD (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS) IN RELATION TO THE OFFER (AS DEFINED HEREIN). THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled “Definitions” of this Circular.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company 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 ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“SGX-ST”). The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.



CHEUNG WOH TECHNOLOGIES LTD

(Company Registration No.: 197201205Z)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL OFFER

by

MAYBANK KIM ENG SECURITIES PTE. LTD.

(Company Registration No.: 197201256N)
(Incorporated in the Republic of Singapore)

for and on behalf of

WOH SENG HOLDINGS PTE. LTD.

(Company Registration No.: 202110088Z)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer

Independent Financial Adviser to the Independent Directors



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 200207389D)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. (SINGAPORE TIME) ON 22 JUNE 2021, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

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DEFINITIONS

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

“Acceptance Forms”	:	The FAA and the FAT collectively or any one of them, as the case may be, and the KYC Particulars Form
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Business Day”	:	A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
“Cash Consideration”	:	S\$0.285 in cash for each Offer Share
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular dated 8 June 2021 issued by the Company to Shareholders in relation to the Offer (including, <i>inter alia</i> , the Appendices to this Circular) and any other document which may be issued by or on behalf of the Company to amend, revise, supplement or update this Circular from time to time
“Closing Date”	:	5.30 p.m. (Singapore time) on 22 June 2021 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 lodgement of acceptances of the 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, modified or supplemented from time to time
“Company”	:	Cheung Woh Technologies Ltd
“Company Securities”	:	(i) Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of Shares or securities which carry voting rights in the Company
“Concert Group”	:	Has the meaning ascribed to in Section 4 of this Circular

DEFINITIONS

“Constitution”	:	The memorandum and articles of association of the Company, as amended, modified or supplemented from time to time
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	The Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Despatch Date”	:	25 May 2021, being the date of despatch of the Offer Document
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Distributions”	:	Has the meaning ascribed to in Section 2.1(c) of this Circular
“Encumbrances”	:	Has the meaning ascribed to in Section 2.1(c) of this Circular
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer for Offer Shares, which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are registered in their own names in the Register and are not deposited with CDP
“FY2018”	:	The financial year ended 28 February 2018
“FY2019”	:	The financial year ended 28 February 2019
“FY2020”	:	The financial year ended 28 February 2020
“FY2021”	:	The financial year ended 28 February 2021
“FY2021 Dividend”	:	Has the meaning ascribed to in Section 2.1(c) of this Circular
“Group”	:	The Company and its subsidiaries

DEFINITIONS

<i>“IFA”</i>	:	PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Offer
<i>“IFA Letter”</i>	:	The letter dated 8 June 2021 from the IFA to the Independent Directors in relation to the Offer, as set out in Appendix I to this Circular
<i>“Independent Auditors”</i>	:	Ernst & Young LLP
<i>“Independent Directors”</i>	:	The directors of the Company who are considered to be independent for the purposes of the Offer, being Dr. Chen Yuk Fu, Mr. Lim Kian Wee Leonard and Mr. Ngu Kuang Hua
<i>“Irrevocable Undertaking”</i>	:	Has the meaning ascribed to in Section 4 of this Circular
<i>“KYC Particulars Form”</i>	:	The “know-your-client” particulars form to be submitted by Shareholders electing to receive the New Offeror Shares Consideration in accordance with the procedures set out in the Offer Document and the Acceptance Forms, which is issued to all Shareholders
<i>“Last Trading Day”</i>	:	4 May 2021, being the last full Market Day on which the Shares were traded on the SGX-ST prior to the Offer Announcement Date
<i>“Latest Practicable Date”</i>	:	31 May 2021, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended up to the Latest Practicable Date
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for the trading of securities
<i>“Minimum Acceptance Condition”</i>	:	Has the meaning ascribed to in Section 2.1(d) of this Circular
<i>“MKES”</i>	:	Maybank Kim Eng Securities Pte. Ltd.
<i>“New Offeror Shares”</i>	:	Has the meaning ascribed to in Section 2.1(b) of this Circular
<i>“New Offeror Shares Consideration”</i>	:	Has the meaning ascribed to in Section 2.1(b) of this Circular

DEFINITIONS

“Offer”	:	The voluntary conditional offer made by MKES, for and on behalf of the Offeror, to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement in connection with the Offer released by MKES, for and on behalf of the Offeror on the Offer Announcement Date
“Offer Announcement Date”	:	6 May 2021, being the date of the Offer Announcement
“Offer Consideration”	:	Has the meaning ascribed to in Section 2.1(b) of this Circular
“Offer Document”	:	The offer document dated 25 May 2021, including the FAA and the FAT and any other document(s) which may be issued for and on behalf of the Offeror to amend, revise, supplement or update the document(s) from time to time
“Offer Document LPD”	:	18 May 2021, stated in the Offer Document to be the latest practicable date prior to the printing of the Offer Document
“Offer Shares”	:	Has the meaning ascribed to in Section 1.1 of this Circular
“Offeror”	:	Woh Seng Holdings Pte. Ltd.
“Offeror Securities”	:	(i) Offeror Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Offeror) or derivatives in respect of Offeror Shares or securities which carry voting rights in the Offeror
“Offeror Shares”	:	Ordinary shares in the capital of the Offeror
“Options”	:	Has the meaning ascribed to in Section 2.3 of this Circular
“Overseas Shareholders”	:	A Shareholder whose address is outside Singapore as shown in the Register or in the Depository Register (as the case may be)
“Register”	:	The register of holders of Shares, as maintained by the Share Registrar

DEFINITIONS

<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“SFA”</i>	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
<i>“SGX-ST”</i>	:	The Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	M & C Services Private Limited
<i>“Shareholders”</i>	:	Holders of Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
<i>“Shares”</i>	:	Issued and paid-up ordinary shares in the capital of the Company
<i>“Shut-off Notice”</i>	:	Has the meaning ascribed to in Section 2.5(d) of this Circular
<i>“SIC”</i>	:	Securities Industry Council of Singapore
<i>“SRS”</i>	:	The Supplementary Retirement Scheme
<i>“SRS Agent Banks”</i>	:	Agent banks included under SRS
<i>“SRS Investors”</i>	:	Investors who purchase Shares pursuant to SRS
<i>“Statement of Prospects”</i>	:	Has the meaning ascribed to it in paragraph 10.4 of Appendix II to this Circular
<i>“Subject Properties”</i>	:	Has the meaning ascribed to it in paragraph 10.3 of Appendix II to this Circular
<i>“S\$” and “cents”</i>	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
<i>“Valuers”</i>	:	Has the meaning ascribed to it in paragraph 10.3 of Appendix II to this Circular
<i>“VWAP”</i>	:	Volume-weighted average price
<i>“%” or “per cent”</i>	:	Percentage or per centum

DEFINITIONS

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

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

Derivatives. All references to “derivative” include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities.

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

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

Subsidiary, Related Corporations. The expressions “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

Total number of issued Shares. Unless otherwise stated, references in this Circular to the total number of issued Shares are based on 294,964,200 Shares (excluding 18,120,600 treasury shares) in issue as at the Latest Practicable Date (based on a search conducted with ACRA on such date), unless otherwise stated.

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

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” or “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any 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 regulatory or supervisory body or agency.

SUMMARY TIMETABLE

Date of despatch of the Offer Document	:	25 May 2021
Date of despatch of this Circular	:	8 June 2021
Closing Date ⁽¹⁾⁽²⁾	:	5.30 p.m. (Singapore time) on 22 June 2021 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 lodgement of acceptances of the Offer
Date of settlement of consideration for valid acceptances of the Offer	:	(a) In respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) Business Days of that date; and (b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the date on which the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

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

Notes:

- (1) The Offer must initially be open for 28 days from the Despatch Date.
- (2) CPFIS Investors, SRS Investors and other investors who hold Shares through finance companies or depository agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and/or depository agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and depository agents in order to accept the Offer.

LETTER TO SHAREHOLDERS

CHEUNG WOH TECHNOLOGIES LTD

(Company Registration No. 197201205Z)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr. Law Kung Ming (Executive Chairman and Chief Executive Officer)
Ms. Law Yu Chui (Finance and Administrative Director)
Dr. Chen Yuk Fu (Lead Independent Director)
Mr. Lim Kian Wee Leonard (Independent Director)
Mr. Ngu Kuang Hua (Independent Director)

Registered Office:

17 Tuas South Street 1,
Singapore 638065

8 June 2021

To: The Shareholders of Cheung Woh Technologies Ltd

Dear Sir/Madam

VOLUNTARY CONDITIONAL OFFER BY MAYBANK KIM ENG SECURITIES PTE. LTD. FOR AND ON BEHALF OF WOH SENG HOLDINGS PTE. LTD.

1. INTRODUCTION

1.1 Offer Announcement

On 6 May 2021, MKES announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional offer to acquire all the Shares other than those already held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer ("**Offer Shares**") in accordance with Rule 15 of the Code (the "**Offer Announcement**").

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

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document and the Acceptance Forms, despatched by the Offeror on the Despatch Date, being 25 May 2021, containing the formal offer by MKES, for and on behalf of the Offeror, to acquire all the Offer Shares, subject to the terms and conditions set out in the Offer Document.

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

A copy of the Offer Document and the Acceptance Forms are available on the website of the SGX-ST at www.sgx.com.

1.3 Independent Financial Adviser

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to the Independent Directors in relation to the Offer.

LETTER TO SHAREHOLDERS

1.4 Purpose of this Circular

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

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

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, solicitor, tax adviser or other professional advisers immediately.

2. THE OFFER

2.1 Terms of the Offer

The Offeror is making the Offer for the Offer Shares subject to the terms and conditions set out in the Offer Document and the Acceptance Forms, on the following basis:

(a) Offer Shares

Section 2.1 of the Letter to Shareholders in the Offer Document states the following:

“Offer Shares. MKES, for and on behalf of the Offeror, hereby makes the Offer to acquire all the Shares other than those already held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer (***“Offer Shares”***) in accordance with Rule 15 of the Code and on the terms and subject to the conditions set out in this Offer Document and the Acceptance Forms.

For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties. For the purpose of the Offer, the expression “Offer Shares” shall include such Shares.”

(b) Offer Consideration

Section 2.2 of the Letter to Shareholders in the Offer Document states the following:

“Offer Consideration. The consideration for the Offer (***“Offer Consideration”***) will be, at the election of the Shareholders:

(a) S\$0.285 in cash for each Offer Share (***“Cash Consideration”***); OR

(b) in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror (***“New Offeror Share”***) for each Offer Share (***“New Offeror Shares Consideration”***). The issue price for each New Offeror Share pursuant to the New Offeror Shares Consideration is S\$0.285.

LETTER TO SHAREHOLDERS

The New Offeror Shares are not and will not be listed on any securities exchange.

Shareholders should note that there are risks involved in investing in the New Offeror Shares. Some of these risks are set out in Appendix 4 to this Offer Document.

Shareholders who accept the Offer may elect to receive the Cash Consideration or the New Offeror Shares Consideration, and ***not*** a combination thereof, as the Offer Consideration for their Offer Shares. Any Shareholder electing to receive the New Offeror Shares Consideration will be required to comply with and provide particulars and supporting documents as may be prescribed by know-your-client and The Accounting and Corporate Regulatory Authority regulations (as set out in the KYC Particulars Form), failing which they will receive the Cash Consideration.

THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER CONSIDERATION.

Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Consideration, in any way.”

(c) No Encumbrances

Section 2.3 of the Letter to Shareholders in the Offer Document states the following:

“No Encumbrances. The Offer Shares are to be acquired (a) fully paid, (b) free from all claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (**“Encumbrances”**), and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company (collectively, **“Distributions”**) (if any), the Record Date for which falls on or after the Offer Announcement Date. For the purpose of this Offer Document, **“Record Date”** means, in relation to any Distributions, the date on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited (**“CDP”**), as the case may be, in order to participate in such Distributions.

Without prejudice to the generality of the foregoing, the Offer Consideration has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividends that may be declared, paid or made by the Company on or after the Offer Announcement Date (including the final one-tier tax exempt dividend of S\$0.005 per Share for the financial year ended 28 February 2021 proposed by the directors of the Company (**“FY2021 Dividend”**)). **In the event that any dividend is paid by the Company to a Shareholder on or after the Offer Announcement Date and such Shareholder accepts the Offer or if the Offer Shares held by such Shareholder are compulsorily acquired by the Offeror, the Offer Consideration payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such dividend paid by the Company to such accepting Shareholder.**

LETTER TO SHAREHOLDERS

Accordingly, the following will apply if any dividend (including the FY2021 Dividend) is declared, paid or made by the Company on or after the Offer Announcement Date:

- (a) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the Offer Consideration for each Offer Share, as the Offeror will receive the dividend in respect of those Offer Shares from the Company; and*
- (b) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls after the Record Date, the amount of the dividend in respect of such Offer Shares will be deducted from the Offer Consideration for each Offer Share, as the Offeror will not receive the dividend in respect of those Offer Shares from the Company. In the case of Shareholders electing the New Offeror Shares Consideration, the number of New Offeror Shares which each such Shareholder will be entitled to will be reduced accordingly, and will be calculated by using the adjusted Cash Consideration per Share entitlement (after deducting the dividend per Share) divided by the Issue Price for each New Offeror Share of S\$0.285. In this case, the aggregate number of New Offeror Shares to be issued to each such Shareholder will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded."*

(d) Minimum Acceptance Condition

Section 2.4 of the Letter to Shareholders in the Offer Document states the following:

"Minimum Acceptance Condition. *The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror meeting the threshold required for the Offeror to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act (Chapter 50) of Singapore ("Companies Act") ("Minimum Acceptance Condition"), which as at the Latest Practicable Date is met where the Offeror and its Concert Parties hold not less than 90% of all issued Shares as at the closing date of the Offer. Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties either before or during the Offer, will result in the Offeror meeting the Minimum Acceptance Condition.*

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects."

2.2 New Offeror Shares

Section 2.5 of the Letter to Shareholders in the Offer Document states that the New Offeror Shares to be allotted and issued pursuant to the New Offeror Shares Consideration will, on issue, be credited as fully paid and free from all Encumbrances and will rank *pari passu* in all respects with the existing Offeror Shares as at the date of their issue.

LETTER TO SHAREHOLDERS

2.3 No Options Proposal

Section 2.6 of the Letter to Shareholders in the Offer Document states that based on the latest information available to the Offeror, there are no 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 (collectively, “**Options**”) as at the Offer Document LPD. In view of the foregoing, the Offeror will not make an offer to acquire any Options.

2.4 Warranty

Section 2.7 of the Letter to Shareholders in the Offer Document states that a Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares, or on behalf of the beneficial owner(s) thereof, as (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) declared, paid or made by the Company, the Record Date for which falls on or after the Offer Announcement Date.

2.5 Duration of the Offer

Paragraph 1 of Appendix 1 of the Letter to Shareholders in the Offer Document states the following:

(a) First Closing Date

The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 22 June 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

(b) Subsequent Closing Date(s)

If the Offer is extended and:

- i. the Offer is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or
- ii. the Offer is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days’ prior notice in writing before it may close the Offer.

(c) No Obligation to Extend the Offer

The Offeror is not obliged to extend the Offer if the condition of the Offer as set out in Section 2.4 (Minimum Acceptance Condition) of the Letter to Shareholders in the Offer Document is not fulfilled by the Closing Date.

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(d) Offer to Remain Open for 14 days after being Declared Unconditional as to Acceptances

Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period (“**Rule 22.6 Period**”) of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give Shareholders who have not accepted the Offer the opportunity to do so.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days’ notice in writing (“**Shut-Off Notice**”) that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- i. the Offeror may not give a Shut-Off Notice in a competitive situation; and
- ii. the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

For these purposes, the SIC would normally regard a “competitive situation” to have arisen if a competing offer for the Company has been announced.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with paragraph 4.2(a) (Right of Withdrawal of Shareholders) of Appendix 1 to the Offer Document, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

(e) Final Day Rule

The Offer (whether revised or not) will not be capable:

- i. of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or
- ii. of being kept open after the expiry of such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC’s prior consent (“**Final Day Rule**”). The SIC will normally grant such permission if a competing offer has been announced.

2.6 Further Details of the Offer

Further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement(s) of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

2.7 Procedures for Acceptance

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document.

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3. INFORMATION ON THE OFFEROR

- 3.1 The following information on the Offeror has been extracted from Section 6 of the Letter to Shareholders in the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

“6. INFORMATION OF THE OFFEROR

- 6.1 **The Offeror.** *The Offeror is a company incorporated in the Republic of Singapore on 22 March 2021 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S\$12.00 comprising 12 ordinary shares (“Offeror Shares”), which is 25% owned equally by each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem. Ms. Law Yu Chui and Mdm. Lee Hang Ngok are also the directors of the Offeror.

As at the Latest Practicable Date, the Offeror does not hold any Shares.

- 6.2 **Offeror Shares.** *The Offeror Shares (including the New Offeror Shares) are **not** and will **not** be listed on any securities exchange. The rights and privileges attached to the Offeror Shares are set out in the Offeror Constitution. Additional information on the rights and privileges attached to the Offeror Shares are set out in **Appendix 3** to this Offer Document.*
- 6.3 **Additional Information.** *Additional information on the Offeror is set out in **Appendix 3** to this Offer Document.*
- 6.4 **Resultant Shareholdings of the Offeror.** *It is therefore contemplated that following the close of the Offer:*

- (a) **All Cash Consideration.** *For illustration only, assuming that (i) all Shareholders (save for the Concert Group) accept the Offer and elect to receive the Cash Consideration as the Offer Consideration for all their Offer Shares, (ii) only the Concert Group accepts the Offer and elects to receive the New Offeror Shares Consideration as the Offer Consideration for all their Offer Shares in accordance with the Irrevocable Undertaking (as further described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document), and (iii) the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls on or before the Record Date such that the Offeror will receive the dividend in respect of those Offer Shares from the Company, the resultant shareholdings of the Offeror will be as follows:*

<i>Name of Offeror Shareholder</i>	<i>Number of issued Offeror Shares</i>	<i>Percentage of issued Offeror Shares (%)⁽¹⁾</i>
NHPL	191,347,100	82.4
Ms. Law Yu Chui	10,419,603	4.5
Mdm. Lee Hang Ngok	10,419,603	4.5
Mr. Law Kung Ming	10,419,600	4.5
Mr. Law Kung Ying	9,330,900	4.0

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Name of Offeror Shareholder	Number of issued Offeror Shares	Percentage of issued Offeror Shares (%)⁽¹⁾
Mr. Law Tak Lun	3	n.m. ⁽²⁾
Mr. Christopher Law Tak Heem	43,003	n.m. ⁽²⁾
Ms. Law Cheok Yien	100,000	n.m. ⁽²⁾
Ms. Tan Hai Ting	62,400	n.m. ⁽²⁾
Mr. Tan Hai Yin	38,400	n.m. ⁽²⁾
Total	232,180,612	100.0

Notes:

(1) For the purpose of the table above, all percentage figures are rounded to the nearest one (1) decimal place. Any discrepancy between the listed percentages and the totals thereof is due to rounding.

(2) "n.m." means not meaningful.

- (b) **All New Offeror Shares Consideration.** For illustration only, assuming that (i) all Shareholders (including the Concert Group in accordance with the Irrevocable Undertaking (as further described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document)) accept the Offer and elect to receive the New Offeror Shares Consideration as the Offer Consideration for all their Offer Shares, and (ii) the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls on or before the Record Date such that the Offeror will receive the dividend in respect of those Offer Shares from the Company, the resultant shareholdings of the Offeror will be as follows:

Name of Offeror Shareholder	Number of issued Offeror Shares	Percentage of issued Offeror Shares (%)⁽¹⁾
NHPL	191,347,100	64.9
Ms. Law Yu Chui	10,419,603	3.5
Mdm. Lee Hang Ngok	10,419,603	3.5
Mr. Law Kung Ming	10,419,600	3.5
Mr. Law Kung Ying	9,330,900	3.2
Mr. Law Tak Lun	3	n.m. ⁽²⁾
Mr. Christopher Law Tak Heem	43,003	n.m. ⁽²⁾
Ms. Law Cheok Yien	100,000	n.m. ⁽²⁾
Ms. Tan Hai Ting	62,400	n.m. ⁽²⁾
Mr. Tan Hai Yin	38,400	n.m. ⁽²⁾
Other Shareholders	62,783,600	21.3
Total	294,964,212	100.0

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Notes:

- (1) *For the purpose of the table above, all percentage figures are rounded to the nearest one (1) decimal place. Any discrepancy between the listed percentages and the totals thereof is due to rounding.*
- (2) *"n.m." means not meaningful."*

- 3.2 Additional information on the Offeror is set out in Appendix 3 to the Offer Document, some of which are extracted and reproduced in italics below. Shareholders should read the extract below in conjunction with, and in the context of, the full text of Appendix 3 to the Offer Document. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"3. SHARE CAPITAL

- 3.1 **Share Capital.** *As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$12.00 comprising 12 Offeror Shares, which is 25% owned equally by each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem. Ms. Law Yu Chui and Mdm. Lee Hang Ngok are also the directors of the Offeror. Save for the issuance of the three (3) Offeror Shares at S\$1.00 each to each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem on 22 March 2021, no new Offeror Shares have been issued since its incorporation on 22 March 2021.*

Assuming that the Offer becomes or is declared unconditional in all respects, only the Concert Group accepts the Offer and elects to receive the New Offeror Shares Consideration as the Offer Consideration for all their Offer Shares in accordance with the Irrevocable Undertaking, and the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls on or before the Record Date such that the Offeror will receive the dividend in respect of those Offer Shares from the Company, the issued share capital of the Offeror will comprise 232,180,612 Offeror Shares upon settlement of all acceptances received under the Offer.

- 3.2 **Offeror Shares.** *The Offeror Shares (including the New Offeror Shares) are not and will not be listed on any securities exchange.*

No securities in the Offeror have been sold during the period between the date of incorporation of the Offeror and the Latest Practicable Date.

The Offeror has only one class of ordinary shares. The New Offeror Shares to be issued pursuant to acceptances of the Offer at the New Offeror Shares Consideration will be credited as fully paid and free from all Encumbrances and will rank pari passu in respects with the existing Offeror Shares as at the date of their issue.

- 3.3 **Offeror Convertible Securities.** *As at the Latest Practicable Date, there are no outstanding convertible securities, warrants, options or derivatives in respect of the Offeror Shares or securities which carry voting rights in the Offeror.*

- 3.4 **Capital Re-organisation.** *Between the date of incorporation of the Offeror and the Latest Practicable Date, there has been no re-organisation in the share capital of the Offeror.*

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- 3.5 **Rights of Shareholders.** *The rights of the shareholders of the Offeror in respect of capital, dividends and voting are set out in the Offeror Constitution, a copy of which is available for inspection during the normal business hours at the registered office of the Offeror at 17 Tuas South Street 1, Singapore 638065 for the period which the Offer remains open for acceptance.*

...

4. FINANCIAL SUMMARY

As the Offeror was incorporated on 22 March 2021, no audited or unaudited financial statements of the Offeror have been prepared to date.

As no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date, there are no significant accounting policies to be noted.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as a result of the making and financing of the Offer, there has been no known material change in the financial position of the Offeror since its incorporation.

6. REGISTERED AND PRINCIPAL OFFICE

The registered office of the Offeror is at 17 Tuas South Street 1, Singapore 638065. The Offeror does not have a principal office in Singapore.

7. INDEBTEDNESS

*Malayan Banking Berhad, Singapore Branch ("**Maybank**") has granted a letter of offer dated 23 April 2021, pursuant to which the Maybank has extended a six (6)-month bridging loan ("**Bridging Loan**") of up to S\$18,500,000 to the Offeror for the purposes of financing the Cash Consideration in the event that the Offer turns unconditional.*

The Bridging Loan is secured against the following, inter alia:

- (a) a first charge over all the shares in the Company owned or acquired by the Offeror;*
- (b) an assignment of all rights, titles, interests, benefits, entitlements and dividends arising over all shares in the Company owned or acquired by the Offeror;*
- (c) personal joint and several guarantee from each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem (collectively, "**Sponsors**");*
- (d) subordination of all present and future shareholder loans and other financial indebtedness of the Company (if any);*
- (e) a share charge over all the shares of the Offeror owned by the Concert Group and assignment of all rights, titles, interests, benefits, entitlements and dividends arising over all the shares in the Offeror owned by the Concert Group;*

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- (f) *a fixed charge over the collection account maintained with the Maybank into which dividends from the Company are paid into;*
- (g) *as a condition subsequent after the delisting of the Company is completed, (i) a fixed charge and/or assignment of the bank accounts of the Company and Cheung Woh International (Macao) Company Limited maintained with the Maybank and (ii) a corporate guarantee from the Company.*

The Offeror and the Sponsors covenant to the Maybank to, inter alia, procure the Company and/or its subsidiaries (including but not limited to Cheung Woh International (Macao) Company Limited), upon successful delisting, to declare and upstream dividends distribution and/or make available intercompany loan(s) to the Offeror for the purpose of repaying the Bridging Loan in full on the maturity date.

Save as disclosed in the Offer Document, as at the Latest Practicable Date, there is no material indebtedness such as bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities of the Offeror.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Offeror or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Offeror.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in this Offer Document, the Offeror has not entered into material contracts (other than those in the ordinary course of business) with an interested person (within the meaning set out in the Note on Rule 23.12 of the Code) from the date of incorporation of the Offeror to the Latest Practicable Date."

4. IRREVOCABLE UNDERTAKING

The following information on the irrevocable undertaking certain Shareholders has been extracted from Section 3 of the Letter to Shareholders in the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"3.1 Concert Group. *As at the Latest Practicable Date, the Offeror concert group ("Concert Group"), which comprises the following individuals and entity, collectively holds an aggregate of 232,180,600 Shares, representing approximately 78.7% of the total number of issued Shares:*

- (a) *Nexsuss Holdings Pte. Ltd. ("NHPL") holds directly 191,347,100 Shares. NHPL is held by Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun (who is the nephew of Ms. Law Yu Chui) and Mr. Christopher Law Tak Heem (who is the nephew of Ms. Law Yu Chui) in equal proportions;*
- (b) *Ms. Law Yu Chui, who holds directly 10,419,600 Shares;*

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- (c) *Mdm. Lee Hang Ngok, who is the mother of Ms. Law Yu Chui, holds directly 10,419,600 Shares;*
- (d) *Mr. Law Kung Ming, who is the brother of Ms. Law Yu Chui, holds directly 10,419,600 Shares;*
- (e) *Mr. Law Kung Ying, who is the brother of Ms. Law Yu Chui, holds directly 9,330,900 Shares;*
- (f) *Mr. Christopher Law Tak Heem, who is the nephew of Ms. Law Yu Chui, holds directly 43,000 Shares;*
- (g) *Mr. Law Tak Lun, who is the nephew of Ms. Law Yu Chui, who does not hold any Shares;*
- (h) *Ms. Law Cheok Yien, who is the niece of Ms. Law Yu Chui, holds directly 100,000 Shares;*
- (i) *Ms. Tan Hai Ting, who is the daughter of Ms. Law Yu Chui, holds directly 62,400 Shares; and*
- (j) *Mr. Tan Hai Yin, who is the son of Ms. Law Yu Chui, holds directly 38,400 Shares.*

Pursuant to the Irrevocable Undertaking provided by the Concert Group (as further described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document), the Concert Group has undertaken to accept the Offer in respect of all their Shares and elect to receive the New Offeror Shares Consideration as the Offer Consideration for all their Shares.

3.2 Irrevocable Undertaking. *As at the Latest Practicable Date, the Concert Group has provided an irrevocable undertaking ("**Irrevocable Undertaking**") in favour of the Offeror to, inter alia:*

- (a) *accept and/or procure the acceptance of the Offer in respect of all their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) and not withdraw such acceptance once it has been given;*
- (b) *in respect of all their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) to be tendered in acceptance of the Offer, elect to receive the New Offeror Shares Consideration as the Offer Consideration for all their Shares;*
- (c) *not transfer or otherwise dispose of any of their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) during the period commencing from the date of the Irrevocable Undertaking and ending on the Closing Date (as may be extended from time to time by or on behalf of the Offeror) or the date on which the Irrevocable Undertaking is terminated or ceases to be binding, whichever is the earlier; and*
- (d) *not acquire any further Shares.*

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The aggregate number of Shares subject to the Irrevocable Undertaking is 232,180,600 Shares, representing approximately 78.7% of the total number of issued Shares as at the Latest Practicable Date.

3.3 Termination of Irrevocable Undertaking. *The Irrevocable Undertaking shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn or failing to become or be declared unconditional for any reason other than a breach of the Concert Group's obligations under the Irrevocable Undertaking.*

3.4 Available for Inspection. *A copy of the Irrevocable Undertaking is available for inspection at the office of the Share Registrar, M & C Services Private Limited at 112 Robinson Road #05- 01, Singapore 068902 during normal business hours, while the Offer remains open for acceptance."*

5. OFFEROR'S RATIONALE FOR THE OFFER

The Offeror's rationale for the Offer has been extracted from Section 8 of the Letter to Shareholders in the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

8.1 Intention to Delist and Privatisise the Company. *The Offeror is making the Offer with a view to delisting and privatising the Company.*

8.2 Opportunity for Shareholders to realise their investment in the Shares at a premium to market price without incurring brokerage costs. *As set out in Section 11 (Financial Aspects of the Offer) of the Letter to Shareholders in this Offer Document, the Cash Consideration represents a premium of approximately 89.5%, 92.9%, 109.7% and 141.1% over the VWAP per Share for the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period respectively up to and including the Last Trading Day. The Cash Consideration also represents a premium of 90.0% over the last transacted price per Share on the Last Trading Day.*

The last time the closing price of the Shares traded at the Cash Consideration was on 9 May 2011, which is close to a decade ago.



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The implied price to net asset value ratio (“P/NAV”) based on the Cash Consideration and the unaudited consolidated net asset value per Share of S\$0.2367 of the Company as at 28 February 2021 is 1.20 times.

The Cash Consideration under the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

- 8.3 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity.** *The trading volume of the Shares has been low, with an average daily trading volume¹ of approximately 3,582 Shares, 14,785 Shares, 28,430 Shares and 24,361 Shares during the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period respectively up to and including the Last Trading Day. This represents less than approximately 0.01% of the 294,964,200 Shares, being the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date.*

The Offer therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to realise their entire investment in the Shares at a premium over the prevailing market prices which would not otherwise be readily available to Shareholders given the low trading liquidity of the Shares.

- 8.4 Greater Management Flexibility.** *The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company.*
- 8.5 Compliance Costs relating to Listing Status.** *If the Company is delisted, the Company will be able to save on compliance costs associated with maintenance of a listed status and other regulatory requirements and human resources that have to be committed for such compliance and focus its resources and channel such expenses towards its business operations.*
- 8.6 Shareholder have an option to elect to accept the New Offeror Shares Consideration.** *Shareholders will have an option to elect for the New Offeror Shares Consideration in the form of New Offeror Shares. The New Offeror Shares are in a private unlisted company, and Shareholders should carefully consider the restrictions attached to the transfer of Offeror Shares set out in **Appendix 3** to this Offer Document and the risk factors set out in **Appendix 4** to this Offer Document should they wish to elect to receive the New Offeror Shares Consideration.”*

¹ The average daily trading volumes are calculated by using the total volume of Shares traded (excluding off-market transactions) for all the traded days on which the SGX-St is open for trading securities (“Market Days”) for the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including the Last Trading Day, divided by the total number of traded Market Days during the respective periods.

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6. OFFEROR'S INTENTIONS FOR THE COMPANY

The following information relating to the Offeror's intentions for the Company has been extracted from Section 9 of the Letter to Shareholders in the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

"The Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which it may regard to be in the interests of the Company."

7. COMPULSORY ACQUISITION AND LISTING STATUS

The following information relating to compulsory acquisition and listing status of the Company has been extracted from Section 10 of the Letter to Shareholders in the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.**

"10.1 Compulsory Acquisition. Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (**"Dissenting Shareholders"**) (**"Compulsory Acquisition"**).

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer at the Cash Consideration of S\$0.285 for each Offer Share. The Offeror will then proceed to delist the Company from SGX-ST.

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

10.2 Listing Status. Pursuant to Rule 1105 of the Listing Manual of the SGX-ST (**"Listing Manual"**), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500

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

*Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue (excluding treasury shares) is at all times held by the public ("**Free Float Requirement**"). In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

8. FINANCIAL ASPECTS OF THE OFFER

The full text of the financial aspects of the Offer has been extracted from Section 11 of the Letter to Shareholders in the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"The Cash Consideration of S\$0.285 for each Offer Share represents the following premia over certain historical market prices of the Shares as set out below:

	<i>Description</i>	<i>Share Price⁽¹⁾ (S\$)</i>	<i>Premium of Cash Consideration over the Share Price⁽²⁾ (%)</i>
(a)	<i>Last traded price per Share on the SGX-ST on the Last Trading Day</i>	<i>0.150</i>	<i>90.0</i>
(b)	<i>VWAP of the Shares as transacted on the SGX-ST for the one (1)-month period up to and including the Last Trading Day</i>	<i>0.150</i>	<i>89.5</i>
(c)	<i>VWAP of the Shares as transacted on the SGX-ST for the three (3)-month period up to and including the Last Trading Day</i>	<i>0.148</i>	<i>92.9</i>

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	Description	Share Price⁽¹⁾ (S\$)	Premium of Cash Consideration over the Share Price⁽²⁾ (%)
(d)	<i>VWAP of the Shares as transacted on the SGX-ST for the six (6)-month period up to and including the Last Trading Day</i>	0.136	109.7
(e)	<i>VWAP of the Shares as transacted on the SGX-ST for the 12-month period up to and including the Last Trading Day</i>	0.118	141.1

Notes:

(1) Based on data extracted from Bloomberg L.P. VWAP is calculated based on the total daily value divided by the total daily volume for the respective periods and rounded to the nearest three (3) decimal places.

(2) For the purpose of the table above, all percentage figures are rounded to the nearest one (1) decimal place.

The implied P/NAV based on the Cash Consideration and the unaudited consolidated net asset value per Share of S\$0.2367 of the Company as at 28 February 2021 is 1.20 times."

9. **CONFIRMATION OF FINANCIAL RESOURCES**

The full text of information relating to the confirmation of financial resources by MKES has been extracted from Section 13 of the Letter to Shareholders in the Offer Document and reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"MKES, as financial adviser to the Offeror in connection with the Offer, has confirmed that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares (excluding the consideration payable in relation to the 232,180,600 Shares held by the Concert Group as the Concert Group has undertaken to elect the New Offeror Shares Consideration pursuant to the Irrevocable Undertaking)."

10. **DIRECTORS' INTERESTS**

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

11. **ADVICE AND RECOMMENDATION**

11.1 **General**

Shareholders should read and carefully consider the advice of the IFA to the Independent Directors on the Offer, as set out in the IFA Letter, and the recommendation of the Independent Directors before deciding whether to accept or reject the Offer. The IFA Letter is set out in **Appendix I** to this Circular.

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11.2 Exemptions relating to Directors' Recommendation

The Offeror has furnished the Company with an extract of a letter from SIC dated 27 April 2021 which sets out, *inter alia*, SIC's ruling that Mr. Law Kung Ming and Ms. Law Yu Chui are exempted from the requirement to make a recommendation on the Offer to Shareholders and that notwithstanding such exemption, Mr. Law Kung Ming and Ms. Law Yu Chui must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

Ms. Law Yu Chui owns 25% of the Offeror Shares and is a director of the Offeror. Mr. Law Kung Ming is the brother of Ms. Law Yu Chui. Mr. Law Kung Ming and Ms. Law Yu Chui are hence parties acting in concert with the Offeror.

As at the Latest Practicable Date, each of the remaining Directors, namely, Dr. Chen Yuk Fu, Mr. Lim Kian Wee Leonard and Mr. Ngu Kuang Hua, consider themselves to be independent for the purposes of making a recommendation to the Shareholders on the Offer.

11.3 Advice of the IFA to the Independent Directors

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer. Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to accept or reject the Offer. The IFA's advice is set out in its letter dated 8 June 2021, which is set out in **Appendix I** to this Circular.

After having regard to the considerations set out in the IFA Letter, an extract of the summary which is set out in italics below, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors. Shareholders should read the extract below in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

"10 OPINION

In arriving at our opinion in respect of the Offer, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Consideration:

- (i) *The Cash Consideration of S\$0.285 is above the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Traded Day, which is between a low of S\$0.055 and a high of S\$0.159;*
- (ii) *The Cash Consideration represents premia of approximately 117.6%, 141.5%, 109.6%, 92.6% and 90.0% over the VWAP of the Shares for the*

LETTER TO SHAREHOLDERS

2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;

- (iii) The Cash Consideration represents a premium of approximately 90.0% over the closing price of the Shares of S\$0.150 on the Last Traded Day;*
- (iv) After the Offer Announcement Date up to and including the Latest Practicable Date, the Shares had traded slightly below or at the Cash Consideration and were last transacted at S\$0.285 on the Latest Practicable Date;*
- (v) During the 2-year Lookback Period, the Shares were traded on around one-third of the days when the Company was open for trading on the SGX-ST and the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.04%, 0.04%, 0.04%, 0.02% and 0.01% of the free float of the Shares respectively. The absolute traded volume of the Shares was very thin which rendered the Shares illiquid for investors who wish to undertake transactions in larger quantities of Shares;*
- (vi) Subsequent to the Offer Announcement Date up to and including the Latest Practicable Date, the trading liquidity of the Shares rose significantly to an average daily traded volume of approximately 312,000 Shares, representing approximately 0.49% of the Company's free float;*
- (vii) Subsequent to the release of the Offer Announcement and up to the Latest Practicable Date, the Share prices increased significantly to outperform the rebased FSSTI, having increased by 90.0% as compared to the decrease of 5.4% in the rebased FSSTI over the same period. It appears likely that the market price of the Shares has been supported by the Offer subsequent to the release of the Offer Announcement. Shareholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;*
- (viii) Based on the Group's NAV per Share of S\$0.2367 as at 28 February 2021, the Cash Consideration represents a premium of 20.4% over the NAV per Share and the P/NAV ratio of the Group as implied by the Cash Consideration is **1.20 times**;*
- (ix) Further to the revaluation of the Group's assets, we note that the Cash Consideration of S\$0.285 per Share represents a P/RNAV ratio of **1.10 times**, that is the Cash Consideration represents a premium of approximately 10.2% over the RNNAV per Share of S\$0.2587;*
- (x) The Cash Consideration as adjusted for cash and cash equivalents of S\$0.1311 per Share, represents a premium of 45.7% over the Ex-cash NAV per Share, and a premium of 20.6% over the Ex-cash RNNAV per Share;*

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- (xi) *We note that for the 1-month, 3-month, 6-month, 1-year and 2-year periods prior to the trading halt and release of the Offer Announcement, the implied P/NAV of 1.20 times is above the average historical trailing P/NAV of the Shares of 0.64 times, 0.62 times, 0.58 times, 0.47 times and 0.49 times respectively;*
- (xii) *For the period after the Offer Announcement Date up to and including the Latest Practicable Date, the implied P/NAV of 1.20 times is above the average historical trailing P/NAV of the Shares of 1.15 times;*
- (xiii) *In respect of the Comparable Companies:*
- the EV/LTM EBITDA ratio of the Company of 13.2 times is within the range of the EV/LTM EBITDA ratios of the Comparable Companies and above the mean and median EV/LTM EBITDA ratios of 10.0 times and 9.4 times respectively; and*
 - the implied P/NAV and P/RNAV ratios of the Company of 1.20 times and 1.10 times respectively are within the range of the P/NAV ratios of the Comparable Companies and are higher than the mean and median P/NAV ratios of 0.89 times and 0.98 times respectively.*
- (xiv) *In respect of the Precedent Privatisation Transactions:*
- the premium implied by the Cash Consideration over the last transacted price of 90.0% is within the range and higher than the mean and median premia of 36.5% and 27.3% respectively;*
 - the premium implied by the Cash Consideration over the VWAP for the 1-month period of 90.0% is within the range and higher than the mean and median premia of 44.8% and 35.8% respectively;*
 - the premium implied by the Cash Consideration over the VWAP for the 3-month period of 92.6% is within the range and higher than the mean and median premia of 47.0% and 34.0% respectively;*
 - the premium implied by the Cash Consideration over the VWAP for the 6-month period of 109.6% is within the range and higher than the mean and median premia of 48.8% and 40.3% respectively; and*
 - the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are within the range of P/NAV ratios of the Precedent Privatisation Transactions and higher than the mean and median P/NAV ratios of 1.09 times and 0.91 times respectively.*
- (xv) *In respect of the Precedent Acquisition Transactions:*
- the Company is loss-making and the P/E ratio is not meaningful. However, after taking into consideration the Company's normalised profit before taxation, net finance costs and depreciation and amortisation expenses, the Company has an EV/EBITDA ratio of 13.2 times, which is within the range of the Precedent Acquisition*

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Transactions and higher than the mean and median EV/EBITDA ratios of 10.6 times and 9.1 times respectively; and

- *the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are within the range of P/NAV ratios of the Precedent Acquisition Transactions and higher than or equal to the median P/NAV ratio of 1.10 times;*
- (xvi) *The Cash Consideration of S\$0.285 per Offer Share is at the upper end of our estimated valuation range of the Shares of between S\$0.213 and S\$0.285;*
- (xvii) *We note that the STI ETF provides a a higher dividend yield as an alternative equity instrument, which suggests that Shareholders who accept the Offer may potentially experience an increase in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF;*
- (xviii) *We note that the Group is in an uncertain and challenging business environment arising from the COVID-19 pandemic and the global trade friction as commented by the Group in its unaudited financial results announcement for FY2021;*
- (xix) *The Offeror intends to make the Offer with a view to delisting and privatising the Company and in the event that the Free Float Requirement is not met, it does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement. If eligible, the Offeror intends to exercise its right of Compulsory Acquisition to compulsorily acquire all the Offer Shares not acquired under the Offer at the Cash Consideration of S\$0.285;*
- (xx) *As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company; and*
- (xxi) *The Concert Group has provided the Irrevocable Undertaking in favour of the Offeror to, inter alia, to accept and/or procure the acceptance of the Offer in respect of all their Shares and elect to receive the New Offeror Shares Consideration as the Offer Consideration in respect of the 232,180,600 Shares held by the Concert Group, representing 78.7% of the total Shares in the Company.*

Factors against the Offer Consideration:

- (i) *The Shares had generally performed above the rebased FSSTI between the period from May 2019 up to and including the Last Traded Day;*
- (ii) *For the period after the Offer Announcement Date up to and including the Latest Practicable Date, the implied P/RNAV of 1.10 times is below the average historical trailing P/NAV of the Shares of 1.15 times; and*

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- (iii) *In respect of the Precedent Acquisition Transactions, the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are lower than the mean P/NAV ratio of 1.39 times.*

Having considered the aforementioned factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are fair and reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Cash Consideration on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

Cash Consideration – Shareholders who wish to realise their entire investment in the Company with the certainty of value should either sell their Shares in the open market if they are able to obtain a price higher than the Cash Consideration after deducting brokerage costs or transaction costs in connection with open market transactions ***OR*** accept the Offer and elect to receive the Cash Consideration in respect of all their Shares.

New Offeror Shares Consideration – Shareholders who wish to remain invested in the growth and prospects of the Company and are prepared to bear the higher risk of holding shares in an unlisted company (i.e. the Offeror) and are prepared to comply with and provide particulars and supporting documents as may be prescribed by know-your-client and The Accounting and Corporate Regulatory Authority regulations, should accept the Offer and elect to receive the New Offeror Shares Consideration. Shareholders should be aware of the outlook of the industry the Group operates in as elaborated in paragraph 9.1 of this letter.

We note that Shareholders may elect to receive the Cash Consideration or the New Offeror Shares Consideration. We make no recommendation as to whether Shareholders should elect to receive the Cash Consideration or the New Offeror Shares Consideration. However, Shareholders should be fully aware of the implications of holding shares in unlisted companies, as set out in paragraph 9.5 of this letter and Appendix 4 to the Offer Document."

11.4 Recommendation of the Independent Directors

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

The Independent Directors **concur** with the advice of the IFA in respect of the Offer and accordingly recommend that Shareholders **ACCEPT** the Offer, unless Shareholders are able to obtain a price higher than the Cash Consideration on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

Cash Consideration – Shareholders who wish to realise their entire investment in the Company with the certainty of value should either sell their Shares in the open market if

LETTER TO SHAREHOLDERS

they are able to obtain a price higher than the Cash Consideration after deducting brokerage costs **OR** accept the Offer and elect to receive the Cash Consideration in respect of all their Shares.

New Offeror Shares Consideration – Shareholders who wish to remain invested in the growth and prospects of the Company and are prepared to bear the higher risk of holding shares in an unlisted company (i.e. the Offeror) and are prepared to comply with and provide particulars and supporting documents as may be prescribed by know-your-client and The Accounting and Corporate Regulatory Authority regulations, should accept the Offer and elect to receive the New Offeror Shares Consideration. Shareholders should be aware of the outlook of the industry the Group operates in as elaborated in paragraph 9.1 of the IFA Letter.

The Independent Directors note that Shareholders may elect to receive the Cash Consideration or the New Offeror Shares Consideration. The Independent Directors make no recommendation as to whether Shareholders should elect to receive the Cash Consideration or the New Offeror Shares Consideration. However, Shareholders should be fully aware of the implications of holding shares in unlisted companies, as set out in paragraph 9.5 of the IFA Letter and Appendix 4 to the Offer Document.

Shareholders should also note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

Shareholders are advised to read the IFA Letter set out in Appendix I to this Circular carefully before deciding whether to accept or reject the Offer. Shareholders should note that the advice of the IFA and the recommendation of the Independent Directors should not be relied on by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Further, in rendering the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situations, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

12. ACTION TO BE TAKEN BY THE SHAREHOLDERS

12.1 Shareholders who wish to accept the Offer

Shareholders who wish to accept the Offer should refer to Appendix 2 to the Offer Document which sets out the procedures for acceptance of the Offer.

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. on the Closing Date.

LETTER TO SHAREHOLDERS

12.2 Shareholders who do not wish to accept the Offer

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document and the Acceptance Forms which have been sent to them.

13. OVERSEAS SHAREHOLDERS

13.1 Availability of the Offer to Overseas Shareholders

Overseas Shareholders should refer to Section 14 of the Letter to Shareholders in the Offer Document, which is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

“14. OVERSEAS SHAREHOLDERS

- 14.1 ***Overseas Jurisdictions.*** *This Offer Document 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 Offer Document in any jurisdiction in contravention of applicable law.*

The release, publication or distribution of this Offer Document, the Acceptance Forms and any other formal documentation in relation to the Offer (collectively, “Offer Documentation”) in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which any Offer Documentation is released, published or distributed should inform themselves about and observe such restrictions.

Copies of the Offer Documentation are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer will violate the laws of that jurisdiction (“Restricted Jurisdiction”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

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

- 14.2 ***Overseas Shareholders.*** *The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be) (each, an “Overseas Shareholder”) may be affected by the laws of the relevant overseas jurisdiction in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdiction.*

LETTER TO SHAREHOLDERS

For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom this Offer Document and the relevant Acceptance Forms may not be sent.

It is the responsibility of Overseas Shareholders who wish to accept the Offer to (a) request for the Offer Documentation, or (b) satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, MKES, CDP, the Receiving Agent and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, MKES, CDP, the Receiving Agent and/or any person acting on their behalf may be required to pay. In (a) requesting for the Offer Documentation, or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and MKES that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant overseas jurisdiction.

14.3 ***Copies of the Offer Documentation.*** *Where there are potential restrictions on sending the Offer Documentation to any overseas jurisdiction, the Offeror and MKES each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of the Offer Documentation during normal business hours and up to the Closing Date, from (a) the CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents, or (b) the office of the Share Registrar, M & C Services Private Limited (if he holds the Offer Shares in scrip form) at **112 Robinson Road #05-01, Singapore 068902**. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror (i) through CDP (if he is a Depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or (ii) the Share Registrar (if he holds the Offer Shares in scrip form) at **112 Robinson Road #05-01, Singapore 068902** to request for the Offer Documentation to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.*

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

LETTER TO SHAREHOLDERS

14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

As stated in Section 15 of the Letter to Shareholders in the Offer Document, CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who accept the Offer and elect for the Cash Consideration will receive the Offer Consideration payable in respect of their Offer Shares in their respective CPF investment accounts and SRS investment accounts.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 17 Tuas South Street 1, Singapore 638065 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2018, FY2019 and FY2020;
- (c) the unaudited consolidated financial results of the Group for FY2021 as announced by the Company on 26 April 2021;
- (d) the IFA Letter as set out in **Appendix I** to this Circular;
- (e) the letter from the IFA dated 8 June 2021 in relation to the Statement of Prospects as set out in **Appendix III** to this Circular;
- (f) the letter from the Independent Auditors dated 2 June 2021 in relation to the Statement of Prospects in **Appendix IV** to this Circular;
- (g) the valuation certificates and report as set out in **Appendix VII** to this Circular; and
- (h) the letters of consents of the IFA, the Independent Auditors and the Valuers as referred to in paragraph 11.2 of **Appendix II** to this Circular.

LETTER TO SHAREHOLDERS

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) confirm that they have taken all reasonable care and have made all reasonable enquiries to ensure that, to the best of their knowledge and after due and careful consideration, the facts stated and the opinions expressed herein (other than those relating to the Offeror, those set out in the IFA Letter and the recommendation of the Independent Directors) are fair and accurate and that no material facts have been omitted from this Circular which would make any statement in this Circular misleading. The Directors jointly and severally accept full responsibility accordingly.

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

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

The recommendation of the Independent Directors to Shareholders at Section 11.4 of this Circular is the sole responsibility of the Independent Directors.

17. ADDITIONAL INFORMATION

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

Yours faithfully

For and on behalf of the Board of Directors of
CHEUNG WOH TECHNOLOGIES LTD

Dr. Chen Yuk Fu
Lead Independent Director
8 June 2021

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APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

8 June 2021

To: The Independent Directors of **Cheung Woh Technologies Ltd**
(deemed to be independent in respect of the Offer)

Dr. Chen Yuk Fu	(Lead Independent Director)
Mr. Lim Kian Wee Leonard	(Independent Director)
Mr. Ngu Kuang Hua	(Independent Director)

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE DIRECTORS DEEMED INDEPENDENT IN RESPECT OF THE VOLUNTARY CONDITIONAL OFFER BY MAYBANK KIM ENG SECURITIES PTE. LTD., FOR AND ON BEHALF OF WOH SENG HOLDINGS PTE. LTD. (THE “OFFEROR”), TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF CHEUNG WOH TECHNOLOGIES LTD (THE “COMPANY”) OTHER THAN THOSE ALREADY HELD BY THE COMPANY AS TREASURY SHARES AND THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR AS AT DATE OF THE OFFER

Unless otherwise defined or the context otherwise requires, all terms defined in the circular issued by the Company dated 8 June 2021 (the “Circular”) shall have the same meaning herein.

1 INTRODUCTION

The Company had on 6 May 2021 (the “**Offer Announcement Date**”) announced that Maybank Kim Eng Securities Pte. Ltd. (the “**Financial Adviser**”) for and on behalf of the Offeror, had made a voluntary conditional offer for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company other than those already held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror as at the Offer Announcement Date (the “**Offer Shares**”), at S\$0.285 in cash for each Offer Share (“**Cash Consideration**”) or in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror (“**New Offeror Share**”) for each Offer Share (“**New Offeror Shares Consideration**”) (each, an “**Offer Consideration**”). The issue price for each New Offeror Share pursuant to the New Offeror Shares Consideration is S\$0.285.

Shareholders who accept the Offer may elect to receive the Cash Consideration or the New Offeror Shares Consideration, and **not** a combination thereof, as the Offer Consideration for their Offer Shares. Any Shareholder electing to receive the New Offeror Shares Consideration will be required to comply with and provide particulars and supporting documents as may be prescribed by know-your-client and The Accounting and Corporate Regulatory Authority regulations, failing which they will receive the Cash Consideration. **The New Offeror Shares are not and will not be listed on any securities exchange.**

The Offeror has stated that it does not intend to revise the Offer Consideration.

The Offeror is a company incorporated in Singapore on 22 March 2021 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company and has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

As at the Offer Announcement Date, the Offeror had an issued and paid-up capital of S\$12.00 comprising 12 ordinary shares (“**Offeror Shares**”), which is 25% owned equally by each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem. Ms. Law Yu Chui and Mdm. Lee Hang Ngok are also the directors of the Offeror. As at the Offer Announcement Date, the Offeror did not hold any Shares.

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its concert parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and its concert parties holding **not less than 90%** of all issued Shares, which is also the threshold required for the Offeror to exercise the right of compulsory acquisition under Section 215(1) of the Companies Act (Chapter 50) of Singapore (“**Compulsory Acquisition**”) (the “**Minimum Acceptance Condition**”). Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its concert parties either before or during the Offer, will result in the Offeror meeting the Minimum Acceptance Condition.

If entitled to, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer at the Cash Consideration and proceed to delist the Company from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

As at the Offer Announcement Date, the Offeror did not hold any Shares and the Offeror concert group (the “**Concert Group**”), which comprises the following individuals and entity collectively held an aggregate of 232,180,600 Shares, representing approximately 78.7% of the total number of issued Shares:

- (a) Nexsuss Holdings Pte. Ltd. (“**NHPL**”) holds directly 191,347,100 Shares, which is held by Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun (who is the nephew of Ms. Law Yu Chui) and Mr. Christopher Law Tak Heem (who is the nephew of Ms. Law Yu Chui) in equal proportions;
- (b) Ms. Law Yu Chui, Finance and Administrative Director, holds directly 10,419,600 Shares;
- (c) Mdm. Lee Hang Ngok, who is the mother of Ms. Law Yu Chui, holds directly 10,419,600 Shares;
- (d) Mr. Law Kung Ming, who is the brother of Ms. Law Yu Chui, holds directly 10,419,600 Shares;
- (e) Mr. Law Kung Ying, who is the brother of Ms. Law Yu Chui, holds directly 9,330,900 Shares;
- (f) Mr. Christopher Law Tak Heem, who is the nephew of Ms. Law Yu Chui, holds directly 43,000 Shares;
- (g) Mr. Law Tak Lun, who is the nephew of Ms. Law Yu Chui, does not hold any Shares;
- (h) Ms. Law Cheok Yien, who is the niece of Ms. Law Yu Chui, holds directly 100,000 Shares;
- (i) Ms. Tan Hai Ting, who is the daughter of Ms. Law Yu Chui, holds directly 62,400 Shares; and
- (j) Mr. Tan Hai Yin, who is the son of Ms. Law Yu Chui, holds directly 38,400 Shares.

In connection with the Offer, the Concert Group has provided an irrevocable undertaking (the “**Irrevocable Undertaking**”) in favour of the Offeror to, *inter alia*:

- (a) accept and/or procure the acceptance of the Offer in respect of all their Shares (as set out above) and not withdraw such acceptance once it has been given;
- (b) in respect of all their Shares (as set out above) to be tendered in acceptance of the Offer, to elect to receive the New Offeror Shares Consideration as the Offer Consideration for their Shares;

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- (c) not transfer or otherwise dispose of any of their Shares (as set out above) during the period commencing from the date of the Irrevocable Undertaking and ending on the closing date of the Offer (as may be extended from time to time by or on behalf of the Offeror) or the date on which the Irrevocable Undertaking is terminated or ceases to be binding, whichever is the earlier; and
- (d) not acquire any further Shares.

The aggregate number of Shares subject to the Irrevocable Undertaking is 232,180,600 Shares, representing approximately 78.7% of the total number of issued Shares as at the Offer Announcement Date. Further details of the Irrevocable Undertaking is set out in paragraph 6 of this letter.

In connection with the Offer, PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) has been appointed by the Company as independent financial adviser (“**IFA**”) to advise directors of the Company who are deemed independent in respect of the Offer (the “**Independent Directors**”) for the purpose of making their recommendation to the Shareholders in relation to the Offer. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer and our opinion thereon and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Independent Directors.

2 TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Singapore Code on Take-overs and Mergers (the “**Code**”). We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Offer or on the future prospects of the Company and its subsidiaries (the “**Group**”) or the method and terms by which the Offer is made or any other alternative methods by which the Offer may be made. We have not relied on any financial projections or forecasts in respect of the Group in our evaluation to the financial terms of the Offer. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group. We are also not expressing any view herein as to the prices at which the Shares may trade after the close of the Offer. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

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

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

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We have relied upon the assurances of the Directors that upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer and the Company has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, property, plant and equipment (“PPE”) and investment properties (“Investment Properties”)) of the Company or the Group. In connection with the Offer, the Company has commissioned Savills Valuation and Professional Services (S) Pte Ltd, MacReal International (Penang) Sdn. Bhd., MacReal International (JB) Sdn Bhd and D&P China (HK) Limited (the “Valuers”) to carry out independent valuations of the PPE and Investment Properties held by the Group in Singapore, Malaysia and China respectively. Copies of the valuation summary and certificates (“Valuation Certificates”) of the PPE and Investment Properties of the Group are attached in Appendix VII to the Circular.

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

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 31 May 2021 (the “Latest Practicable Date”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcement(s) relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

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

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

Our opinion in respect of the Offer, as set out in paragraph 10 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3 THE OFFER

Shareholders should by now have received a copy of the offer document dated 25 May 2021 (the “Offer Document”), setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

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3.1 Offer Shares

The Offer is extended to all the Shares other than those already held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer.

3.2 Offer Consideration

As stated in paragraph 2.2 of the Offer Document, the consideration for the Offer is, at the election of the Shareholders:

- (i) **S\$0.285** in cash for each Offer Share ("**Cash Consideration**"); **OR**
- (ii) in lieu of the Cash Consideration, one New Offeror Share for each Offer Share ("**New Offeror Shares Consideration**"). The issue price for each New Offeror Share pursuant to the New Offeror Shares Consideration is S\$0.285.

The New Offeror Shares are not and will not be listed on any securities exchange. Shareholders should note that there are risks associated with holding unlisted shares as elaborated in paragraph 9.5 of this letter, and Appendix 4 to the Offer Document.

The Offeror has stated that it does not intend to revise the Offer Consideration. Therefore in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Consideration, in any way.

Shareholders who accept the Offer may elect to receive the Cash Consideration or the New Offeror Shares Consideration, and not a combination thereof, as the Offer Consideration for their Offer Shares. Any Shareholder electing to receive the New Offeror Shares Consideration will be required to comply with and provide particulars and supporting documents as may be prescribed by know-your-client and The Accounting and Corporate Regulatory Authority regulations, failing which they will receive the Cash Consideration. Further details of the procedures for acceptance of the Offer have been set out in Appendix 2 to the Offer Document and the relevant forms of acceptance accompanying the Offer Document.

3.3 No Encumbrances

The Offer Shares are to be acquired (i) fully paid, (ii) free from any claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"), and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company (collectively, "**Distributions**") (if any), the Record Date for which falls on or after the Offer Announcement Date. "**Record Date**" means, in relation to any Distributions, the date on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited ("**CDP**"), as the case may be, in order to participate in such Distributions.

3.4 Adjustment for Distributions

The Company had on 26 April 2021 announced a special final one-tier tax exempt dividend of S\$0.005 per Share for the financial year ended 28 February 2021 ("**FY2021 Dividend**"), as proposed by the Directors and subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company. The Record Date and date payable of the FY2021 Dividend would be announced by the Company at a later date.

As stated in paragraph 2.3 of the Offer Document, without prejudice to the generality of the foregoing, the Offer Consideration has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividends that may be declared, paid or made by the Company on or after the Offer Announcement Date (including the FY2021 Dividend).

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In the event that any dividend is paid by the Company to a Shareholder on or after the Offer Announcement Date and such Shareholder accepts the Offer or if the Offer Shares held by such Shareholder are compulsorily acquired by the Offeror, the Offer Consideration payable to such accepting Shareholder shall be reduced by an amount which is equal to the amount of such dividend paid by the Company to such accepting Shareholder.

Accordingly, the following will apply if any dividend (including the FY2021 Dividend) is declared, paid or made by the Company on or after the Offer Announcement Date:

- (i) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the Offer Consideration for each Offer Share, as the Offeror will receive the dividend in respect of those Offer Shares from the Company; and
- (ii) if the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls after the Record Date, the amount of the dividend in respect of such Offer Shares will be deducted from the Offer Consideration for each Offer Share, as the Offeror will not receive the dividend in respect of those Offer Shares from the Company.

In the case of Shareholders electing the New Offeror Shares Consideration, the number of New Offeror Shares which each such Shareholder will be entitled to will be reduced accordingly, and will be calculated by using the adjusted Cash Consideration per Share entitlement (after deducting the dividend per Share) divided by the issue price for each New Offeror Share of S\$0.285. In this case, the aggregate number of New Offeror Shares to be issued to each such Shareholder will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded.

3.5 Conditional Offer

As stated in paragraph 2.4 of the Offer Document, the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror meeting the threshold required for the Offeror to exercise the right of Compulsory Acquisition, which as at the Offer Announcement Date is met where the Offeror and its Concert Parties hold **not less than 90%** of all issued Shares as at the closing date of the Offer.

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties either before or during the Offer, will result in the Offeror meeting the Minimum Acceptance Condition.

Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

3.6 New Offeror Shares

The New Offeror Shares will be allotted and issued pursuant to the New Offeror Shares Consideration will, on issue, be credited as fully paid and free from all Encumbrances and will rank *pari passu* in all respects with the existing Offeror Shares as at the date of their issue.

The Offeror Shares (including the New Offeror Shares) **are not and will not** be listed on any securities exchange. The rights and privileges attached to the Offeror Shares are set out in the Constitution of the Offeror, a copy of which is available for inspection during normal business hours at the registered office of the Offeror at 17 Tuas South Street 1, Singapore 638065 for the period which the Offer remains open for acceptance. For ease of reference, selected texts

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of the Constitution of the Offeror have been reproduced, without amendment in Appendix 3 to the Offer Document.

3.7 No options proposal

As stated in paragraph 2.6 of the Offer Document, based on the latest information available to the Offeror, there are no 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 (collectively, “Options”) as at the latest practicable date of the Offer Document. In view of the foregoing, the Offeror will not make an offer to acquire any Options.

3.8 Warranty

As stated in paragraph 2.7 of the Offer Document, a Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares, or on behalf of the beneficial owner(s) thereof, as (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) declared, paid or made by the Company, on the Record Date which falls on or after the Offer Announcement Date.

3.9 Closing date

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

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 22 June 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.10 Further details of the Offer

Further details of the Offer are set out in Appendix 1 to the Offer Document, including details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

4 INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 6 September 1972 and was listed on the Mainboard of the SGX-ST on 19 December 2002.

The principal activities of the Company are in the manufacture and supply of high-precision engineering products to the hard disk drive (“HDD”), communications, electrical and electronics, semiconductor and automotive industries. The key businesses of the Group include the manufacture of HDD components which include voice coil motor (“VCM”) plates and air combs, and precision metal stamping (“PMS”) components which include sheet metal machined parts and computer numerical controlled (“CNC”) machined parts. The Group has fully integrated manufacturing facilities in Johor and Penang, Malaysia; and Zhuhai, China and advanced in-house precision tool and die manufacturing capabilities.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of approximately S\$50,200,111.14 comprising 294,964,200 issued Shares (excluding 18,120,600 treasury shares). The Company 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.

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As at the Latest Practicable Date, the Directors and their shareholding interests in the Company are set out below:

Director	Designation	Direct interest in the Shares	Deemed interest in the Shares	Total interest	% shareholding interest ⁽¹⁾
Mr. Law Kung Ming	Executive Chairman and Chief Executive Officer	10,419,600	-	10,419,600	3.53
Ms. Law Yu Chui	Finance and Administrative Director	10,419,600	191,347,100 ⁽²⁾	201,766,700	68.40
Dr. Chen Yuk Fu	Lead Independent Director	100,000	-	100,000	0.03
Mr. Lim Kian Wee Leonard	Independent Director	-	-	-	-
Mr. Ngu Kuang Hua	Independent Director	501,400	-	501,400	0.17

Notes:

- (1) Based on issued and paid-up share capital of approximately S\$50,200,111.14 comprising 294,964,200 issued Shares (excluding 18,120,600 treasury shares).
- (2) Ms. Law Yu Chui has a deemed interest in 191,347,100 Shares held by NHPL. NHPL is owned by Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun (who is the nephew of Ms. Law Yu Chui) and Mr. Christopher Law Tak Heem (who is the nephew of Ms. Law Yu Chui) in equal proportions.

Mr. Law Kung Ming and Ms. Law Yu Chui are part of the Concert Group and have provided the Irrevocable Undertaking to, amongst others, accept and/or procure the acceptance of the Offer in respect of all their Shares and elect to receive the New Offeror Shares Consideration as the Offer Consideration for their Shares. Further information on the Irrevocable Undertaking can be found in paragraph 6 of this letter.

Dr. Chen Yuk Fu and Mr. Ngu Kuang Hua have each informed the Company that they intend to accept the Offer in respect of all the Shares held by them and to elect to receive the Cash Consideration as the Offer Consideration for all their Shares.

Further information on the Company can be found in Appendix 5 to the Offer Document and Appendix II to the Circular.

5 INFORMATION ON THE OFFEROR

The information on the Offeror as set out below in *italics* have been extracted from paragraph 6 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“6. INFORMATION ON THE OFFEROR

- 6.1 ***The Offeror.*** *The Offeror is a company incorporated in the Republic of Singapore on 22 March 2021 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S\$12.00 comprising 12 ordinary shares (“Offeror Shares”), which is 25% owned equally by each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem. Ms. Law Yu Chui and Mdm. Lee Hang Ngok are also the directors of the Offeror.

As at the Latest Practicable Date, the Offeror does not hold any Shares.

- 6.2 ***Offeror Shares.*** *The Offeror Shares (including the New Offeror Shares) are not and will not be listed on any securities exchange. The rights and privileges attached to the Offeror Shares are set out in the Offeror Constitution. Additional information on the rights and privileges attached to the Offeror Shares are set out in Appendix 3 to this Offer Document.”*

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Additionally, we note that the Offeror has been granted a six (6)-month bridging loan of up to S\$18.5 million from Malayan Banking Berhad, Singapore Branch (“**Maybank**”) in a letter of offer dated 23 April 2021 (“**Bridging Loan**”). The Bridging Loan obtained is for the purpose of financing the Cash Consideration in the event that the Offer turns unconditional.

The Bridging Loan is secured against, *inter alia*: (i) all the Offeror Shares owned by the Concert Group; and (ii) all the Shares owned or acquired by the Offeror.

We have also replicated below in italics information on the indebtedness of the Offeror as extracted from paragraph 7 of Appendix 3 to the Offer Document:

“7. INDEBTEDNESS

*Malayan Banking Berhad, Singapore Branch (“**Maybank**”) has granted a letter of offer dated 23 April 2021, pursuant to which the Maybank has extended a six (6)-month bridging loan (“**Bridging Loan**”) of up to S\$18,500,000 to the Offeror for the purposes of financing the Cash Consideration in the event that the Offer turns unconditional.*

The Bridging Loan is secured against the following, inter alia:

- (a) a first charge over all the shares in the Company owned or acquired by the Offeror;*
- (b) an assignment of all rights, titles, interests, benefits, entitlements and dividends arising over all shares in the Company owned or acquired by the Offeror;*
- (c) personal joint and several guarantee from each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem (collectively, “**Sponsors**”);*
- (d) subordination of all present and future shareholder loans and other financial indebtedness of the Company (if any);*
- (e) a share charge over all the shares of the Offeror owned by the Concert Group and assignment of all rights, titles, interests, benefits, entitlements and dividends arising over all the shares in the Offeror owned by the Concert Group;*
- (f) a fixed charge over the collection account maintained with the Maybank into which dividends from the Company are paid into;*
- (g) as a condition subsequent after the delisting of the Company is completed, (i) a fixed charge and/or assignment of the bank accounts of the Company and Cheung Woh International (Macao) Company Limited maintained with the Maybank and (ii) a corporate guarantee from the Company.*

The Offeror and the Sponsors covenant to the Maybank to, inter alia, procure the Company and/or its subsidiaries (including but not limited to Cheung Woh International (Macao) Company Limited), upon successful delisting, to declare and upstream dividends distribution and/or make available intercompany loan(s) to the Offeror for the purpose of repaying the Bridging Loan in full on the maturity date.

Save as disclosed in the Offer Document, as at the Latest Practicable Date, there is no material indebtedness such as bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities of the Offeror.”

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6 IRREVOCABLE UNDERTAKING

The information on the Irrevocable Undertaking as set out below in italics has been extracted from paragraph 3 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“3. IRREVOCABLE UNDERTAKING

3.1 **Concert Group.** *As at the Latest Practicable Date, the Offeror concert group (“Concert Group”), which comprises the following individuals and entity, collectively holds an aggregate of 232,180,600 Shares, representing approximately 78.7% of the total number of issued Shares:*

- (a) *Nexsuss Holdings Pte. Ltd. (“NHPL”) holds directly 191,347,100 Shares. NHPL is held by Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun (who is the nephew of Ms. Law Yu Chui) and Mr. Christopher Law Tak Heem (who is the nephew of Ms. Law Yu Chui) in equal proportions;*
- (b) *Ms. Law Yu Chui, who holds directly 10,419,600 Shares;*
- (c) *Mdm. Lee Hang Ngok, who is the mother of Ms. Law Yu Chui, holds directly 10,419,600 Shares;*
- (d) *Mr. Law Kung Ming, who is the brother of Ms. Law Yu Chui, holds directly 10,419,600 Shares;*
- (e) *Mr. Law Kung Ying, who is the brother of Ms. Law Yu Chui, holds directly 9,330,900 Shares;*
- (f) *Mr. Christopher Law Tak Heem, who is the nephew of Ms. Law Yu Chui, holds directly 43,000 Shares;*
- (g) *Mr. Law Tak Lun, who is the nephew of Ms. Law Yu Chui, who does not hold any Shares;*
- (h) *Ms. Law Cheok Yien, who is the niece of Ms. Law Yu Chui, holds directly 100,000 Shares;*
- (i) *Ms. Tan Hai Ting, who is the daughter of Ms. Law Yu Chui, holds directly 62,400 Shares; and*
- (j) *Mr. Tan Hai Yin, who is the son of Ms. Law Yu Chui, holds directly 38,400 Shares.*

Pursuant to the Irrevocable Undertaking provided by the Concert Group (as further described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document), the Concert Group has undertaken to accept the Offer in respect of all their Shares and elect to receive the New Offeror Shares Consideration as the Offer Consideration for all their Shares.

3.2 **Irrevocable Undertaking.** *As at the Latest Practicable Date, the Concert Group has provided an irrevocable undertaking (“Irrevocable Undertaking”) in favour of the Offeror to, inter alia:*

- (a) *accept and/or procure the acceptance of the Offer in respect of all their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) and not withdraw such acceptance once it has been given;*
- (b) *in respect of all their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) to be tendered in acceptance of the Offer,*

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elect to receive the New Offeror Shares Consideration as the Offer Consideration for all their Shares;

- (c) *not transfer or otherwise dispose of any of their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) during the period commencing from the date of the Irrevocable Undertaking and ending on the Closing Date (as may be extended from time to time by or on behalf of the Offeror) or the date on which the Irrevocable Undertaking is terminated or ceases to be binding, whichever is the earlier; and*
- (d) *not acquire any further Shares.*

The aggregate number of Shares subject to the Irrevocable Undertaking is 232,180,600 Shares, representing approximately 78.7% of the total number of issued Shares as at the Latest Practicable Date.

- 3.3 **Termination of Irrevocable Undertaking.** *The Irrevocable Undertaking shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn or failing to become or be declared unconditional for any reason other than a breach of the Concert Group's obligations under the Irrevocable Undertaking."*

7 RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY AND ITS LISTING STATUS

7.1 Rationale for the Offer and the Offeror's intentions for the Company

The full text of the rationale for the Offer is set out in paragraph 8 of the Offer Document.

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

- (a) The Offeror is making the Offer with a view to delisting and privatising the Company;
- (b) The Offer presents an opportunity for Shareholders to realise their investment in the Shares at a premium to market price without incurring brokerage costs;
- (c) The Offer presents an opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity;
- (d) The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company;
- (e) If the Company is delisted, the Company will be able to save on compliance costs associated with maintenance of a listed status and other regulatory requirements and human resources that have to be committed for such compliance and focus its resources and channel such expenses towards its business operations; and
- (f) Shareholders have an option to elect to accept the New Offeror Shares Consideration.

7.2 Compulsory acquisition and listing status

The information on Compulsory Acquisition and listing status as set out below in italics has been extracted from paragraph 10 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

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“10. COMPULSORY ACQUISITION AND LISTING STATUS

10.1 Compulsory Acquisition. Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”) (“**Compulsory Acquisition**”).

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer at the Cash Consideration of S\$0.285 for each Offer Share. The Offeror will then proceed to delist the Company from SGX-ST.

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

10.2 Listing Status. Pursuant to Rule 1105 of the Listing Manual of the SGX-ST (“**Listing Manual**”), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

*Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue (excluding treasury shares) is at all times held by the public (“**Free Float Requirement**”). In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.”

8 ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

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

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- (i) Historical market price performance and trading activity of the Shares;
- (ii) Share price performance relative to market index;
- (iii) Financial information of the Group;
- (iv) Net asset value (“NAV”) per Share, revalued NAV (“RNAV”) per Share and Ex-cash NAV per Share;
- (v) Historical trailing price-to-NAV (“P/NAV”) ratio of the Shares;
- (vi) Valuation ratios of selected listed companies broadly comparable to the Group;
- (vii) Precedent privatisation and delisting transactions in Singapore;
- (viii) Precedent Acquisition Transactions of companies broadly comparable to the Group;
- (ix) Estimated valuation of the Shares;
- (x) The Offeror Shares; and
- (xi) Dividend track record of the Company.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 9 of this letter.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from S&P Capital IQ, Bloomberg L.P., Monetary Authority of Singapore (“MAS”), SGXNet and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

8.1 Historical market price performance and trading activity of the Shares

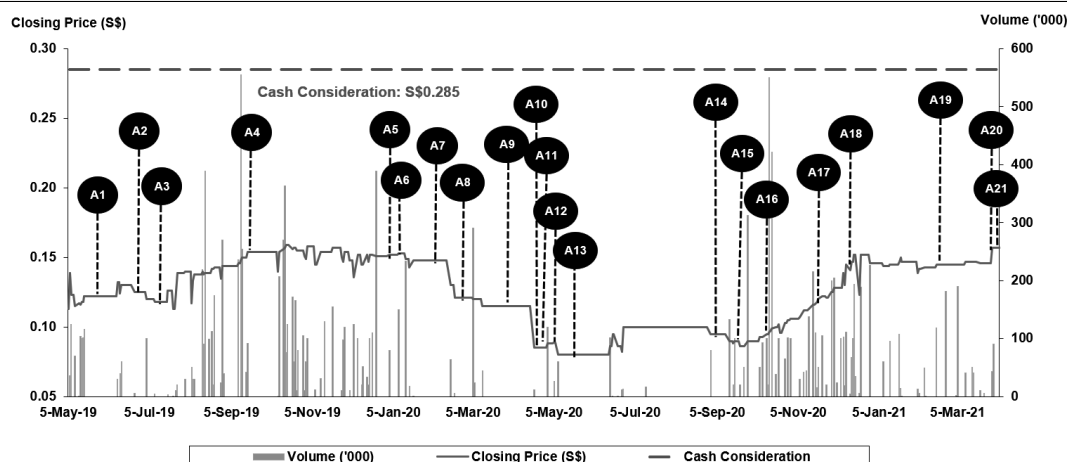
The Shares were not traded between 30 April 2021 and 4 May 2021 (both dates inclusive). The Shares were last transacted on 29 April 2021 (“**Last Traded Day**”) prior to the trading halt before trading hours on 5 May 2021 and the subsequent release of the Offer Announcement on 6 May 2021, being the Offer Announcement Date. The trading halt was subsequently lifted and the Company’s trading resumed on 10 May 2021.

Shareholders can elect to receive either Cash Consideration or New Offeror Shares Consideration for each Offer Share. For the purpose of our analysis, we have compared the Cash Consideration against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 5 May 2019 to 4 May 2021, being the 2-year period prior to the trading halt and release of the Offer Announcement (the “**2-year Lookback Period**”), and after the Offer Announcement Date up to and including the Latest Practicable Date.

We set out below the daily closing price and daily trading volume of the Shares for the 2-year Lookback Period. We have also marked certain dates in the chart where significant events have occurred.

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Daily closing price and daily trading volume of the Shares for the 2-year Lookback Period



Source: S&P Capital IQ and Company announcements on the SGXNet

Significant events or announcements:

- A1. **6 June 2019.** Release of the annual report for the financial year ended 28 February 2019 (“FY2019”) and the notice of annual general meeting for FY2019.
- A2. **2 July 2019.** Release of profit guidance in respect of a potential loss for the first-quarter financial results for the period ended 31 May 2019.
- A3. **24 July 2019.** Receipt of insurance claims of approximately S\$0.5 million for production disruptions caused by Typhoon Hato on 23 August 2017.
- A4. **10 October 2019.** Release of the unaudited financial results for the half-year ended 31 August 2019. The Company had on the same day announced the retirement of its Chief Executive Officer and Managing Director, Mr. Law Kung Ying with effect from 28 February 2020. Mr. Law Kung Ming was appointed as CEO following the retirement of Mr. Law Kung Ying.
- A5. **2 January 2020.** Release of profit guidance in respect of the Group’s potential loss after taxation for the third-quarter financial results for the period ended 30 November 2019.
- A6. **8 January 2020.** Release of the unaudited financial results for the third-quarter ended 30 November 2019.
- A7. **14 February 2020.** Approval received from the local Chinese authorities to resume production on 13 February 2020.
- A8. **4 March 2020.** Company entered into a confirmation letter with Yi Hui Metals Pte Ltd (“Purchaser”) on 27 February 2020 for the proposed sale of the Company’s property located at 23 Tuas South Street 1, Singapore 638033 for a consideration of S\$6,000,000 (“Proposed Sale”). The Purchaser exercised its option to purchase shortly after on 11 March 2020.
- A9. **27 March 2020.** Closure of the Group’s factories in Malaysia from 18 March 2020 pursuant to the Movement Control Order (“MCO”) is expected to impact production activities in the factories. The Group had submitted the relevant application to the Ministry of International Trade and Industry, Malaysia (“MTI”) for approval to resume operations during the MCO period (the “Application”).
- A10. **20 April 2020.** Receipt of MTI approval in respect of the Application.
- A11. **28 April 2020.** Release of profit guidance in respect of the Group’s potential loss for the fourth-quarter and full-year financial results for the period and year ended 28 February 2020.
- A12. **4 May 2020.** Release of the unaudited FY2020 financial results announcement.
- A13. **12 May 2020.** Receipt of waiver from the SGX-ST in respect of the Company’s waiver application to obtain shareholders’ approval for the Proposed Sale.

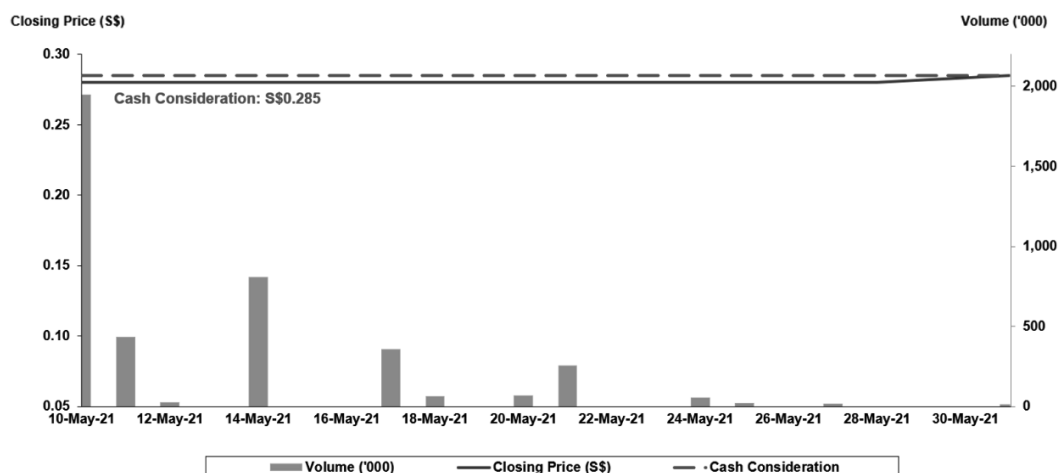
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- A14. **5 September 2020.** Company and Purchaser have mutually agreed to extend the time limit to obtain the approval from the Jurong Town Council (“JTC”) in respect of the assignment of the remaining lease term of the property to the Purchaser (“**Assignment**”).
- A15. **9 October 2020.** Release of the unaudited financial results for the half-year ended 31 August 2020.
- A16. **14 October 2020.** Commencement of a series of share buybacks by the Company from the open market.
- A17. **18 November 2020.** Company’s receipt of the written consent from JTC on 17 November 2020 for the Assignment.
- A18. **15 December 2020.** Completion of the Proposed Sale.
- A19. **17 February 2021.** Latest date for which share buybacks took place prior to the Offer Announcement.
- A20. **26 April 2021.** Release of the unaudited financial results for the full-year ended 28 February 2021.
- A21. **5 May 2021.** Company requested for trading halt at 7:38 a.m. prior to the release of the Offer Announcement.

Based on the chart above, we note that over the 2-year period up to and including the Last Traded Day, the Shares have traded consistently below the Cash Consideration. The Cash Consideration represents a premium of 90.0% over the last transacted Share price of S\$0.150 on the Last Traded Day.

We set out below the daily closing price and daily trading volume of the Shares for the period after the Offer Announcement Date up to and including the Latest Practicable Date.

Daily closing price and daily trading volume of the Shares for period after the Offer Announcement Date up to and including the Latest Practicable Date



Source: S&P Capital IQ

Subsequent to the Offer Announcement up to and including the Latest Practicable Date, the Shares had traded slightly below or at the Cash Consideration of S\$0.285.

We have also set out below the premium implied by the Cash Consideration over the historical volume weighted average price (“VWAP”) and historical trading volume of the Shares from 5 May 2019 (being the beginning of the 2-year Lookback Period) up to and including the Latest Practicable Date.

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Premium implied by the Cash Consideration over VWAP⁽¹⁾

	VWAP (S\$)	Premium of Cash Consideration over VWAP (%)	Highest traded price (S\$)	Lowest traded price (S\$)	No. of Traded Days ⁽²⁾	Average daily traded volume ⁽³⁾ (‘000)	Average daily traded volume ⁽³⁾ as a percentage of free float ⁽⁴⁾ (%)
Periods up to and including the Last Traded Day prior to the Offer Announcement							
2-year	0.131	117.6	0.169	0.055	157	28	0.04
1-year	0.118	141.5	0.169	0.076	76	24	0.04
6-month	0.136	109.6	0.169	0.107	49	28	0.04
3-month	0.148	92.6	0.157	0.142	17	15	0.02
1-month	0.150	90.0	0.151	0.150	4	4	0.01
29 April 2021, being the Last Traded Day prior to the trading halt and release of the Offer Announcement	0.150 ⁽⁵⁾	90.0	0.150	0.150	1	10	0.02
Periods after the Offer Announcement Date up to and including the Latest Practicable Date							
Period between 10 May 2021 and the Latest Practicable Date	0.280	1.8	0.285	0.280	12	312	0.49
Latest Practicable Date	0.285 ⁽⁵⁾	-	0.285	0.285	1	10	0.02

Source: Bloomberg L.P.

Notes:

- (1) VWAP is calculated based on the aggregate daily turnover value of the Shares and aggregate daily traded volume of the Shares for the relevant trading days for each relevant period as obtained from Bloomberg L.P., excluding off-market transactions.
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during that relevant period.
- (3) The average daily traded volume of the Shares is calculated based on the total volume of Shares traded during the relevant periods, divided by the number of market days (excluding days with full day trading halts on the Shares) during that relevant period.
- (4) Free float refers to approximately 63,946,927 Shares based on the free float of approximately 21.48% as disclosed in the annual report of the Company for FY2020.
- (5) The price shown refers to the closing price.

Based on the above, we note the following:

- (i) The Cash Consideration of S\$0.285 is above the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Traded Day, which is between a low of S\$0.055 and a high of S\$0.169;
- (ii) The Cash Consideration represents premia of approximately 117.6%, 141.5%, 109.6%, 92.6% and 90.0% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;
- (iii) The Cash Consideration represents a premium of approximately 90.0% over the closing price of the Shares of S\$0.150 on the Last Traded Day;

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- (iv) After the Offer Announcement Date up to and including the Latest Practicable Date, the Shares had traded slightly below or at the Cash Consideration and were last transacted at S\$0.285 on the Latest Practicable Date;
- (v) During the 2-year Lookback Period, the Shares were traded on around one-third of the days when the Company was open for trading on the SGX-ST and the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.04%, 0.04%, 0.04%, 0.02% and 0.01% of the free float of the Shares respectively. The absolute traded volume of the Shares was very thin which rendered the Shares illiquid for investors who wish to undertake transactions in larger quantities of Shares; and
- (vi) Subsequent to the Offer Announcement Date up to and including the Latest Practicable Date, the trading liquidity of the Shares rose significantly to an average daily traded volume of approximately 312,000 Shares, representing approximately 0.49% of the Company's free float.

Based on the above observations, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the release of the Offer Announcement. Shareholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

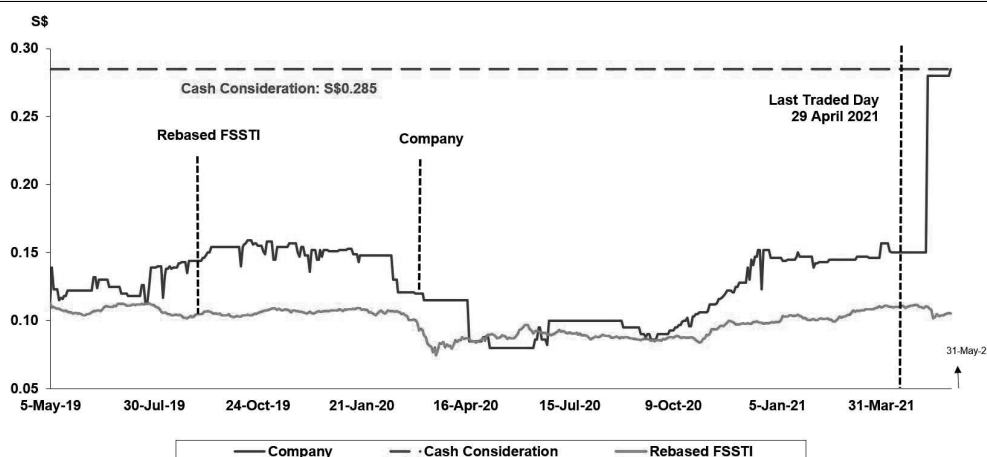
Shareholders are advised that the historical trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

8.2 Share price performance relative to market index

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against the FTSE Straits Times Index (the “FSSTI”), which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST.

The FSSTI has been rebased to the closing price of the Company as at the beginning of the 2-year Lookback Period (being 5 May 2019) prior to the trading halt and release of the Offer Announcement. The market price performance of the Shares relative to the rebased FSSTI for the period from 5 May 2019 up to and including the Latest Practicable Date, is illustrated below.

Share price performance against rebased FSSTI



Source: S&P Capital IQ

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We have also set out in the table below the movements in the last transacted prices of the Shares and the rebased FSSTI between the Last Traded Day and the Latest Practicable Date:

	As at Last Traded Day (S\$)	As at the Latest Practicable Date (S\$)	Percentage Change (%)
Shares	0.150	0.285	90.0
Rebased FSSTI	0.111	0.105	(5.4)

Source: S&P Capital IQ

Based on the above, we note the following:

- (i) Save for the period from May 2020 to June 2020 where the Shares had underperformed the rebased FSSTI, the Shares had generally performed above the rebased FSSTI between the period from May 2019 up to and including the Last Traded Day; and
- (ii) Subsequent to the release of the Offer Announcement and up to the Latest Practicable Date, the Share prices increased significantly to outperform the rebased FSSTI, having increased by 90.0% as compared to the decrease of 5.4% in the rebased FSSTI over the same period.

It appears likely that the market price of the Shares has been supported by the Offer subsequent to the release of the Offer Announcement. Shareholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

8.3 Financial information of the Group

8.3.1 Financial performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the Group's audited financial statements for the financial years ("FY") ended 28 February 2019 and 2020 and the unaudited financial statements for FY2021.

A summary of the statement of profit or loss of the Group for FY2019, FY2020 and FY2021 is set out in the table below. The following summary statement of profit or loss should be read in conjunction with the full text of the annual reports and the results announcement of the Group in respect of the relevant financial years including the notes thereto.

Summary Statement of Profit or Loss (S\$'000)	FY2021 (Unaudited)	FY2020 (Audited)	FY2019 (Audited)
Turnover	31,636	48,859	76,818
Gross profit	1,660	4,392	9,615
<i>Gross profit margin (%)</i>	<i>5.2</i>	<i>9.0</i>	<i>12.5</i>
Other operating income	6,237	2,646	3,391
General and administrative ("G&A") expenses	(5,036)	(8,596)	(17,421)
Profit/(Loss) before taxation	1,624	(3,361)	(7,408)
Loss for the year attributable to the owners of the Company	(2,937)	(5,066)	(8,947)

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Business segment financial performance (S\$'000)	FY2021 (Unaudited)	FY2020 (Audited)	FY2019 (Audited)
Segment turnover			
- HDD components	26,164	39,900	64,817
- PMS components	5,472	8,959	12,001
Turnover	<u>31,636</u>	<u>48,859</u>	<u>76,818</u>
Segment profit/(loss) before taxation			
- HDD components	1,056	(4,200)	(8,842)
- PMS components	568	839	1,434
Profit/(Loss) before taxation	<u>1,624</u>	<u>(3,361)</u>	<u>(7,408)</u>

Source: *The Company's unaudited financial results announcement for FY2021 and annual reports for FY2019 and FY2020.*

Review of operating results

FY2021 as compared to FY2020

The Group reported a turnover of S\$31.6 million in FY2021, which was a decrease of S\$17.2 million or 35.3% as compared to S\$48.9 million in FY2020. The HDD segment turnover decreased by S\$13.7 or 34.4% from S\$39.9 million in FY2020 to S\$26.2 million in FY2021 due to lower customers' demands for air combs and VCM plates and there was no sale of baseplates in FY2021 as the deliveries were completed in FY2020. The PMS segment turnover decreased by S\$3.5 million or 38.9% from S\$9.0 million in FY2020 to S\$5.5 million in FY2021, primarily attributable to lower overall sales in Europe and Malaysia.

The gross profit of the Group in FY2021 decreased by S\$2.7 million or 62.2% from S\$4.4 million in FY2020 to S\$1.7 million in FY2021. The decrease in gross profit was more than proportionate than the decrease in turnover due mainly to certain fixed costs, such as depreciation and fixed labour costs incurred in FY2021 and as a result, the gross profit margin decreased by 3.8 percentage points from 9.0% in FY2020 to 5.2% in FY2021.

The Group's other operating income increased by S\$3.6 million or 135.7% from S\$2.6 million in FY2020 to S\$6.2 million in FY2021. The increase was substantially due to the one-off gain on disposal of PPE of S\$3.3 million arising from the disposal of factory located at 23 Tuas South Street 1, Singapore 638033 during FY2021, foreign exchange gain of S\$0.9 million and sundry income of S\$0.7 million which included grant and support schemes given by governments to support enterprises during the COVID-19 pandemic.

The Group's G&A expenses decreased by S\$3.6 million or 41.4% from S\$8.6 million in FY2020 to S\$5.0 million in FY2021 and was mainly due to lower allowance for impairment on PPE, administrative staff costs and general overheads costs in FY2021.

The Group reported an improvement of S\$5.0 million or 148.3% from a loss before tax of S\$3.4 million in FY2020 to a profit before tax of S\$1.6 million in FY2021. The improvement was attributed mainly to a one-off gain on the disposal of factory at 23 Tuas South Street 1, Singapore 638033 of S\$3.3 million and was partially offset by a decrease in profit of S\$0.3 million or 32.3% in the PMS segment from S\$0.8 million in FY2020 to S\$0.6 million in FY2021. As a result, the Group recorded an improvement in loss for the year attributable to the owners of the Company of S\$2.1 million or 42.0% from S\$5.1 million in FY2020 to S\$2.9 million in FY2021.

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FY2020 as compared to FY2019

The Group reported a turnover of S\$48.9 million in FY2020, which was a decrease of S\$28.0 million or 36.4% as compared to S\$76.8 million in FY2019. The HDD segment turnover decreased by S\$24.9 million or 38.4% from S\$64.8 million in FY2019 to S\$39.9 million in FY2020 due mainly to a decrease in sale of baseplates as deliveries were completed in third quarter of FY2020 and a decrease in customers' demand for air combs and VCM plates. The PMS segment turnover decreased by S\$3.0 million or 25.3% from S\$12.0 million in FY2019 to S\$9.0 million in FY2020 primarily attributable to lower sales generated in Middle East and Malaysia, but was partially offset by an increase in sales in Europe.

The gross profit of the Group decreased by S\$5.2 million or 54.3% from S\$9.6 million in FY2019 to S\$4.4 million in FY2020 and the decrease is more than proportionate with the decrease in turnover. This was due to certain fixed costs incurred in FY2020 such as depreciation and fixed labour costs. Accordingly, the gross profit margin decreased by 3.5 percentage points from 12.5% in FY2019 to 9.0% in FY2020.

The Group's other operating income decreased by S\$0.7 million or 22.0% from S\$3.4 million in FY2019 to S\$2.6 million in FY2020 and was mainly due to a decrease in sales of scrap metal as the Group recorded lower sales in baseplates and air combs in FY2020.

The Group's G&A expenses decreased by S\$8.8 million or 50.7% from S\$17.4 million in FY2019 to S\$8.6 million in FY2020. The decrease was due mainly to the lower write-off of PPE and allowance for impairment on PPE that was provided in FY2020.

The Group reported an improvement in loss before tax of S\$4.0 million or 54.6% from S\$7.4 million in FY2019 to S\$3.4 million in FY2020. The improvement was attributed mainly to an improvement of S\$4.6 million in the HDD segment from a loss of S\$8.8 million in FY2019 to a loss of S\$4.2 million in FY2020 due mainly to the allowance on impairment of PPE, and was partially offset by the decrease of S\$0.6 million in the PMS segment from S\$1.4 million in FY2019 to S\$0.8 million in FY2020. As a result, the Group recorded an improvement in loss for the year attributable to the owners of the Company of S\$3.8 million or 43.4% from S\$8.9 million in FY2019 to S\$5.1 million in FY2020.

EV/EBITDA ratio as implied by the Cash Consideration

The EV/EBITDA ratio illustrates the ratio of the market value of a company's business relative to its historical pre-tax operating cash flow performance, without regard to the company's existing capital structure.

We have evaluated the enterprise value ("**EV**") of the Group based on the market capitalisation of the Group of S\$84.1 million as implied by the Cash Consideration after adding back bank borrowings and deducting cash and bank balances as at 28 February 2021; and EBITDA of the Group is based on its profit before taxation for FY2021 after adjusting for any one-off items and adding back depreciation and amortisation expenses and net finance costs.

In adjusting the EBITDA for one-off items, we have performed enquiries with the Management on the items that are deemed to be non-recurring and excluded one-off items such as gains on disposal of factory, government grants attributable to the COVID-19 pandemic and inventory write-off. Accordingly, the Company's EV/EBITDA ratio as implied by the Cash Consideration was **13.2 times**.

*Historical Price-to-Earnings ("**P/E**") ratio as implied by the Cash Consideration*

The P/E ratio illustrates the market price of a company's shares relative to its earnings per share. The P/E ratio 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.

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As the Company recorded a loss for the year attributable to the owners of the Company of S\$2.9 million in FY2021, the Company's historical P/E ratio as implied by the Offer Consideration would not be meaningful.

8.3.2 Financial position of the Group

The unaudited statement of financial position of the Group as at 28 February 2021 is set out in the table below. The following statement of financial position of the Group should be read in conjunction with the full text of the unaudited financial results announcement of the Group in respect of FY2021 including the notes thereto.

Statement of Financial Position (S\$'000)	As at 28 February 2021 (Unaudited)
Assets	
<u>Non-current assets</u>	
Property, plant and equipment	36,260
Investment property	323
Deferred tax assets	2
Total non-current assets	36,585
<u>Current assets</u>	
Inventories	4,110
Trade receivables	4,561
Other receivables	690
Other current assets	627
Cash and bank balances	38,674
Total current assets	48,662
Total assets	85,247
Liabilities	
<u>Current liabilities</u>	
Trade payables	2,707
Other payables	3,396
Lease liabilities	1
Interest-bearing loans and borrowings	283
Income tax payable	358
Total current liabilities	6,745
Net current assets	41,917
<u>Non-current liabilities</u>	
Lease liabilities	241
Deferred tax liabilities	8,440
Total non-current liabilities	8,681
Total liabilities	15,426
Net assets	69,821

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Statement of Financial Position (S\$'000)	As at 28 February 2021 (Unaudited)
Equity attributable to owners of the Company	
Share capital	50,200
Treasury shares	(2,911)
Revenue reserve	27,935
Statutory reserve	1,219
Foreign currency translation reserve	(6,622)
Total equity	69,821
Total equity and liabilities	85,247

Source: The Company's unaudited financial results announcement for FY2021.

Assets

As at 28 February 2021, the Group had total assets of S\$85.2 million comprising non-current assets of S\$36.6 million, representing 42.9% of total assets and current assets of S\$48.7 million, representing 57.1% of total assets.

The non-current assets of the Group comprised mainly PPE of S\$36.3 million representing 42.5% of total assets and Investment Properties of S\$0.3 million representing 0.4% of total assets. The PPE comprised leasehold land and buildings located in Singapore, Malaysia and China amounting to S\$19.8 million in aggregate, and plant and machinery, tools and equipment located in the Group's factories in Malaysia and China amounting to S\$15.6 million in aggregate. The remaining PPE of S\$1.1 million comprised renovation, furniture and fittings, motor vehicles and computers that the Group owned. Further details of the PPE and the valuation that was commissioned in connection with the Offer is found in paragraph 8.4.2. The Group has a leasehold land and building located at 17 Tuas South Street 1 in Singapore which is currently partially owner-occupied and serves as the Group's head office. The said premise is classified as PPE while the remaining tenanted portion of the leasehold land and building has been classified under Investment Properties. Further details of the PPE and the Investment Properties and the independent valuation that was commissioned on the PPE and the Investment Properties is found in paragraph 8.4.2 of this letter.

The current assets of the Group comprised mainly cash and bank balances of S\$38.7 million, trade receivables of S\$4.6 million and inventories of S\$4.1 million, representing 45.4%, 5.4% and 4.8% of total assets respectively.

Liabilities and Equity

As at 28 February 2021, the Group has total liabilities of S\$15.4 million comprising current liabilities of S\$6.7 million, representing 43.7% of total liabilities and non-current liabilities of S\$8.7 million, representing 56.3% of total liabilities. The current liabilities of the Group comprised mainly trade payables of S\$2.7 million and other payables of S\$3.4 million, representing 17.5% and 22.0% of total liabilities respectively. Non-current liabilities of the Group comprised mainly deferred tax liabilities of S\$8.4 million, representing 54.7% of total liabilities.

The equity attributable to owners of the Company amounted to S\$69.8 million, of which statutory reserve of S\$1.2 million is not available for distribution and is prepared in accordance with the accounting principles and relevant financial regulations of China that are applicable to wholly-owned foreign enterprises.

8.3.3 Cash flows of the Group

A summary of the consolidated statement of cash flows of the Group for FY2019, FY2020 and FY2021 is set out in the table below. The following summary consolidated statement of cash

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flows should be read in conjunction with the full text of the results announcements and annual reports of the Group in respect of the relevant financial years including the notes thereto.

Summary Consolidated Statement of Cash Flows (S\$'000)	FY2021 (Unaudited)	FY2020 (Audited)	FY2019 (Audited)
Net cash flow generated from operating activities	6,211	13,793	18,078
Net cash flow generated from/(used in) investing activities	6,131	(230)	7,191
Net cash flow (used in) financing activities	(3,400)	(4,574)	(13,698)
Net increase in cash and cash equivalents	8,942	8,989	11,571

Source: The Company's unaudited financial results announcement for FY2021, annual reports for FY2019 and FY2020.

FY2021

During FY2021, the Group recorded net cash flow generated from operating activities of S\$6.2 million which was mainly attributable to the Group's operating cash flows before changes in working capital, decrease in trade receivables and inventories, and partially offset by decrease in trade payables and increase in other receivables and prepayments.

The net cash flow generated from investment activities of S\$6.1 million was mainly attributable to proceeds from disposal of PPE.

The net cash flow used in financing activities of S\$3.4 million was mainly attributable to the dividends paid on ordinary shares, net repayment of interest-bearing loans and borrowings and shares purchased and held as treasury shares.

As a result of the above cash movements, the Group's net cash and cash equivalents increased by S\$8.9 million.

FY2020

The net cash flow generated from operating activities of S\$13.8 million was mostly generated by the Group's operating cash flows before changes in working capital, decrease in inventories, trade receivables and other receivables and prepayments, and was partially offset by decrease in other payables.

The net cash flow used in investing activities of S\$0.2 million was mainly attributable to purchases of PPE.

The net cash flow used in financing activities of S\$4.6 million was mainly utilised for the net repayment of interest-bearing loans and borrowings and shares purchased and held as treasury shares.

As a result of the above cash movements, the Group's net cash and cash equivalents increased by S\$9.0 million.

FY2019

The net cash flow generated from operating activities of S\$18.1 million was mostly generated by the Group's operating cash flows before changes in working capital, decrease in trade receivables, inventories and other receivables and prepayments, and was partially offset by decrease in trade and other payables.

The net cash flow generated from investing activities of S\$7.2 million was mainly contributed by proceeds from disposal of investment in associate companies and was partially offset by purchases of PPE.

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The net cash flow used in financing activities of S\$13.7 million was utilised for the net repayment of interest-bearing loans and borrowings and dividends paid on ordinary shares.

As a result of the above cash movements, the Group's net cash and cash equivalents increased by S\$11.6 million.

8.4 NAV per Share, RNAV per Share and Ex-cash NAV per Share

8.4.1 NAV per Share

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of non-controlling interests and all liabilities. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the proceeds of which would first be used to settle liabilities of that group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of its equity. Given the asset-intensive nature of the Group's precision parts manufacturing business substantially due to its PPE, we have focused on the asset-based valuation approach (as opposed to other valuation approaches) for the purpose of evaluating the financial terms of the Offer.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, contractual obligations, any regulatory requirements and availability of potential buyers, which may in theory, alter the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

A summary of the financial position of the Group as at 28 February 2021 is set out below:

Summary Statement of Financial Position	Unaudited as at 28 February 2021 (S\$'000)	Contribution to total assets (%)
Non-current assets		
PPE	36,260	42.5
- Office headquarters at 17 Tuas South Street 1		
- Leasehold land and buildings in Johor, Penang and Zhuhai		
- Plant and machinery, tools and equipment in Johor, Penang and Zhuhai		
- Other PPE namely renovation, furniture and fittings, motor vehicle and computer		
Investment Properties	323	0.4
- Leasehold land and building at 17 Tuas South Street 1		
Deferred tax assets	2	n.m.
Current assets		
Inventories	4,110	4.8
Trade receivables	4,561	5.4
Other receivables	690	0.8
Other current assets	627	0.7
Cash and bank balances	38,674	45.4
Total assets	85,247	100.0

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Summary Statement of Financial Position	Unaudited as at 28 February 2021 (S\$'000)	Contribution to total assets (%)
Total liabilities	15,426	-
Equity attributable to owners of the Company	69,821	
<i>Shares (excluding 18,120,600 treasury shares) in issue as at the Latest Practicable Date</i>	<i>294,964,200</i>	
NAV per Share (S\$)	0.2367	

The P/NAV ratio illustrates the comparison between a company's stock price or market value versus the book value of the company's shareholders' equity as indicated on its balance sheet.

Based on the Group's NAV per Share of S\$0.2367 as at 28 February 2021, the Cash Consideration represents a premium of 20.4% over the NAV per Share and the P/NAV ratio of the Group as implied by the Cash Consideration is **1.20 times**.

8.4.2 Independent Valuation

In our evaluation of the financial terms of the Offer, we have considered the carrying values of the assets of the Group as at 28 February 2021 to assess if any material assets should be revalued or adjusted for the purpose of our assessment of the Cash Consideration compared to the NAV of the Group or whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that may have a material impact on the unaudited NAV of the Group as at 28 February 2021.

As the Group's PPE and Investment Properties, in aggregate, represent more than 30% of its total assets as at 28 February 2021, independent valuations on the PPE and Investment Properties is required and has been performed in compliance with the Code in connection with the Offer. The effect of the revalued amounts of the PPE and Investment Properties on the RNAV of the Group is set out in paragraph 8.4.3 of this letter.

The purpose of the independent valuation is to determine the revaluation surplus or deficit arising from the independent valuation of the PPE and Investment Properties as compared to the carrying values of the PPE and Investment Properties as at 28 February 2021. We have also enquired of Management on the potential tax liability (if any) which would arise if the PPE and Investment Properties were to be sold at the revalued amounts and accounted for this in our assessment of the net revaluation surplus or deficit, which would impact the RNAV of the Group.

Leasehold land and buildings

The Group has one partially owner-occupied leasehold land and building, being the Group's head office located at 17 Tuas South Street 1 in Singapore classified under PPE and the remaining tenanted portion of the leasehold land and building classified under Investment Properties. The Singapore property valuer, Savills Valuation and Professional Services (S) Pte Ltd (the "**Singapore Property Valuer**"), has conducted a valuation on the property based on the respective usage on 25 May 2021 and the valuation certificate can be found in Appendix VII to the Circular.

The Group has six overseas factories, of which five are located in Malaysia wherein two are in Penang and three are in Johor. The remaining overseas factory is located in Zhuhai, China. The Group has commissioned MacReal International (Penang) Sdn. Bhd. and MacReal International (JB) Sdn Bhd (the "**Malaysia Property Valuers**") and D&P China (HK) Limited ("**D&P China**", and together with the Singapore Property Valuer and Malaysia Property Valuers, collectively, known as the "**Property Valuers**") to carry out the independent market valuations

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of the leasehold land and buildings (the “**Properties**”). The Properties have been valued separately from the machinery and equipment that are owned by the Group and located within the premises.

Valuation certificates pertaining to the Properties can be found in Appendix VII to the Circular and details on the valuation of the machinery and equipment are set out below.

Valuation methodology

The market value of the Properties is generally defined as the estimated amount for which an asset should exchange on the date of valuation between a willing-buyer and a willing-seller in an arm’s-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at their opinion of the market value of the Properties, the Property Valuers had adopted the Comparison Method, Income Method and the Cost Approach, as summarised below:

In the **Comparison Method**, comparisons are made with recent transactions and asking prices of similar properties in the subject or comparable vicinities and adjustments are made for location, size, tenure, design and layout, standard of building services, condition of building, present market trends and other differences before arriving at the value of the subject property.

In the **Income Method**, the valuer estimates the present worth of the rights to future benefits to be derived from the ownership of a specific interest in a property under given market conditions. In property valuation, these rights are often expressed as future income in the form of prevailing and sustainable rent. One of the methods is the Income Capitalisation Method where the estimated leased net income is capitalised to perpetuity or over the remaining term of the lease from the date of valuation, where applicable, at an appropriate capitalisation rate.

The **Cost Approach** begins with the determination of land value, which is valued by the Comparison Method where comparison is made based on prices realised on actual sales or market price information of comparable land parcels of similar size, character and location. These land parcels are analysed and carefully weighed against all the respective advantages and disadvantages of each land-use rights interest in order to arrive at a fair comparison of land value. Following which, the valuer estimates the reproduction or replacement costs of the improvements taking into account accrued depreciation, including physical depreciation, functional and/or external obsolescence. The summation of the land value and depreciated replacement cost, if any, of the building will represent the final value of the subject property. The Cost Approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures and special machinery and equipment associated with a viable business or justified by economic demand.

A summary of the various valuation methodologies used, as well as the revaluation surplus or deficit arising from the market valuations of the Properties is set out below:

Properties	Valuation approach	Carrying value (S\$'000)	Market value (’000)	Revaluation surplus / (deficit)⁽¹⁾ (S\$'000)
Singapore				
17 Tuas South Street 1 Singapore 638065	Comparison Method	1,083	2,900	1,817

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Properties	Valuation approach	Carrying value (\$'000)	Market value ('000)	Revaluation surplus / (deficit) ⁽¹⁾ (\$'000)
Malaysia				
Factory No. 1059 Lorong Perusahaan Maju 2 Kawasan Perusahaan Perai 13600 Perai, Penang Malaysia	Cost Approach and Income Method	1,884	RM14,200 (S\$4,577) ⁽²⁾	2,693
Factory No. 1065 Lorong Perusahaan Maju 2 Kawasan Perusahaan Perai 13600 Perai, Penang Malaysia	Cost Approach and Income Method	3,035	RM8,200 (S\$2,643) ⁽²⁾	(392)
PLO 107, Jalan Cyber 5 Kawasan Perindustrian Senai 3 81400 Senai, Johor Darul Ta'zim Malaysia	Comparison Method	1,479	RM3,440 (S\$1,122) ⁽³⁾	(357)
PLO 108, Jalan Cyber 5 Kawasan Perindustrian Senai 3 81400 Senai, Johor Darul Ta'zim Malaysia	Comparison Method	987	RM3,490 (S\$1,138) ⁽³⁾	151
PLO 170, Jalan Cyber 5 Kawasan Perindustrian Senai 3 81400 Senai, Johor Darul Ta'zim Malaysia	Comparison Method	418	RM3,230 (S\$1,054) ⁽³⁾	636
China				
No. 163 Zhufeng Avenue Jingan Town, Doumen District Zhuhai City, Guangdong Province, PRC ("Zhuhai Factory")	Cost Approach	10,722	RMB64,600 (S\$13,333) ⁽⁴⁾	2,611
Total		19,608	S\$26,767	7,159

Notes:

- (1) The revaluation surplus or deficit is the difference between the market value of each Property and the respective carrying value as at 28 February 2021.
- (2) Based on the foreign exchange bank rate as provided by Maybank of S\$1.00:RM3.1027 on 7 April 2021, being the valuation date.
- (3) Based on the foreign exchange bank rate as provided by Maybank of S\$1.00:RM3.0658 on 8 February 2021, being the valuation date.
- (4) Based on the foreign exchange bank rate as provided by Maybank of S\$1.00:RMB4.8450 on 1 March 2021, being the next business day after the valuation date of 28 February 2021 as it was a non-business day. The same exchange rate was used by the Company for the consolidation of the carrying value of the Zhuhai Factory for the purposes of financial reporting as at 28 February 2021.

The net revaluation surplus arising from the valuation of the Properties amounted to S\$7.2 million.

With respect to the independent valuation done by the Singapore Property Valuer, in view of the COVID-19 pandemic, the Singapore Property Valuer has further highlighted a material valuation uncertainty in its valuation report as replicated below in italics:

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“The outbreak of the Coronavirus Disease 2019 (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted both local and global financial markets with increased uncertainty.

Market activity is being impacted in many sectors and at the valuation date, we can consider placing less weightage on the previous market evidence for comparison purpose to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review.”

Plant and machinery, tools and equipment

The Group owns the plant and machinery and tools and equipment located within the factories located in Malaysia and China which comprise various workshop equipment (such as CNC lathe, drilling centres), CNC milling machines, hydraulic presses, tapping centres, heating conveyors, robotic arms, lab equipment and other auxiliary equipment.

All machinery owned by the Group are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, namely 10 years for plant and machinery and five years for tools and equipment. The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively if appropriate.

We understand from Management that the machinery in the Malaysia factories have been put in operation as part of the Group’s normal operating activities for the year for the production of HDD and PMS components and the useful life of the machinery is in line with expectation.

As at the Latest Practicable Date, the Management is of the view that the carrying values of the machinery in Malaysia amounting to approximately S\$3.9 million are appropriate as the machinery have been in operation and there is no indication of any impairment which rendered an impairment assessment to be conducted and for impairment losses, if any, to be recorded. Accordingly, we concur with the Management’s view that there would not be any material difference between the value of the machinery in Malaysia as at the Latest Practicable Date and their carrying book value as at 28 February 2021 that would cause a material impact to the NAV of the Group as at 28 February 2021.

However, a substantial proportion of the machinery in the China factories (including the plant and machinery and tools and equipment) (the “**HDD Machinery**”) have not been in operation since the completion of the baseplate deliveries in third quarter of FY2020. The HDD Machinery were purchased for the manufacturing of baseplates, which is a HDD component. We understand that the Group has the intention to eventually dispose the HDD Machinery.

Given the extended period of time that the HDD Machinery was not in use, Management is of the view that the HDD Machinery is unlikely to be utilised in future operations. The Company had commissioned D&P China to carry out an independent valuation to assess any impairment that is required to be made to the carrying value of the HDD Machinery for the purpose of evaluating the Offer.

D&P China had inspected the HDD Machinery on 28 January 2021 and noted that the HDD Machinery was in idle condition. The exterior suggested that the HDD Machinery were still being maintained and D&P China had accordingly assumed the HDD Machinery would be in working condition and able to perform efficiently the purpose for which it was designed or built. The valuation certificates pertaining to the HDD Machinery can be found in Appendix VII to the Circular.

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Valuation methodology

The premise of value for the HDD Machinery is fair value in continued use, where fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

In arriving at their opinion of the fair value of the HDD Machinery, D&P China considered the three generally accepted approaches to value: Cost Approach, Market Approach, and Income Capitalisation Approach.

In the **Cost Approach**, the value is established based on the cost of reproducing or replacing the asset, less depreciation from physical deterioration, and functional and economic/external obsolescence. When market transactions of comparable assets are not available, when data cannot be extrapolated from larger transactions, or when transactions are non-existent, under premise of continued use, assuming adequate earnings the cost approach is the preferred valuation procedure.

In the **Market Approach**, the value of the appraised asset is estimated through analysis of recent sales of comparable items of the asset. It is employed in the valuation of the asset for which there is a known used market. Under the premise of continued use assuming adequate earnings, consideration is given to the cost to acquire similar items in the used-equipment market; an allowance then is made to reflect the costs for freight and installation.

The **Income Capitalisation Approach** ascribes value based on capitalisation of net earnings that would be generated if a specific stream of income can be attributed to an asset or a group of assets. D&P China did not rely on the Income Capitalisation Approach for the valuation of the HDD Machinery as it would not be practical to align income streams to specific assets.

A summary of the valuation approaches used, as well as the revaluation deficit arising from the market valuation of the HDD Machinery is set out below:

HDD Machinery located at	Valuation approach	Carrying value (S\$'000)	Market value ('000)	Revaluation deficit ⁽¹⁾ (S\$'000)
Zhuhai Factory	Cost Approach and Market Approach	12,094	RMB58,193 (S\$12,011) ⁽²⁾	(83)

Notes:

- (1) The revaluation deficit is the difference between the market value and the carrying value of the HDD Machinery as at 28 February 2021.
- (2) Based on the foreign exchange bank rate as provided by Maybank of S\$1.00:RMB4.8450 on 1 March 2021 being the next business day after the valuation date of 28 February 2021 as it was a non-business day. The same exchange rate was used by the Company for the consolidation of the carrying value of the HDD Machinery located at the Zhuhai Factory for the purposes of financial reporting as at 28 February 2021.

The primary valuation methodology used was the analytical trending method where the valuation methods and procedures followed the basic principles of the Cost Approach. This involved using data contained in fixed asset accounting records in an analytical process that calculates machinery and equipment value estimates, typically in total by asset class and/or location. Estimates of current reproduction cost new (being the estimated amount required to reproduce the asset in like kind and in accordance with market prices for materials, labour and equipment) were adjusted to reflect the impact of physical deterioration as well as applicable functional or economic obsolescence. Considering that the HDD Machinery was idle for a while and D&P China has confirmed with Management that the HDD Machinery will not be of usage for the future operation, D&P China had also considered the in-exchange premise of the HDD Machinery and made appropriate discounts to the valuation.

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Some HDD Machinery were valued using the Market Approach whereby current transactions and listing or reference prices were obtained from various sources and adjusted based on factors including vintage differences, production capacity differences, manufacturer differences and other characteristics. D&P China had also assumed that the non-transactional listing prices obtained would be a close proxy of the market price of the HDD Machinery.

The revaluation deficit arising from the valuation of the HDD Machinery amounted to approximately S\$83,000.

8.4.3 RNAV per Share

Taking into account the net revaluation surplus arising from the valuation of the Properties and the HDD Machinery shown above, the RNAV per Share as at 28 February 2021 is computed as follows:

NAV adjustments for net revaluation surplus / (deficit)	S\$'000
Unaudited NAV of the Group as at 28 February 2021	69,821
Add: Net revaluation surplus on the Properties	7,159
Less: Potential tax liabilities on the Properties	(582)
Add: Revaluation deficit on the HDD Machinery	(83)
RNAV of the Group as at 28 February 2021	76,315
<i>Shares (excluding 18,120,600 treasury shares) in issue as at the Latest Practicable Date</i>	<i>294,964,200</i>
RNAV per Share (S\$)	0.2587
Premium over RNAV as implied by the Cash Consideration	10.2%

Based on the above, we note that the Cash Consideration of S\$0.285 per Share represents a P/RNAV ratio of 1.10 times, that is the Cash Consideration represents a premium of approximately 10.2% over the RNAV per Share of S\$0.2587.

In assessing the above valuation surplus, we have also considered whether there is any potential tax liability which may arise on the sale of these Properties and HDD Machinery in a hypothetical scenario for the purpose of Rule 26.3 of the Code. The Management has estimated potential tax liability to be approximately S\$0.6 million in the event of an unlikely sale of the Properties. The Group has no immediate plans to sell the Properties as at the Latest Practicable Date and the aforementioned tax liabilities are not likely to crystallise. There will not be any potential tax liabilities incurred by the Group in the event of a sale of the HDD Machinery due to the revaluation deficit.

Shareholders should note that the above analysis on RNAV provides an estimate of the value of the Group assuming the hypothetical sale of the assets of the Group as at the Latest Practicable Date. However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and availability of potential buyers, which would in theory, alter the RNAV that can be realised.

Shareholders should be aware that the Group has not realised the gain or loss as set out in the adjustments to the NAV as at the Latest Practicable Date. There is no assurance that the actual gain or loss (if any) eventually recorded by the Group will be the same as that derived from the assessments based on current market value, independent valuation and the Management's estimates.

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Save as disclosed above, Management and Independent Directors have confirmed as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) there are no other material differences between the realisable value of the Group's assets and their respective book values as at 28 February 2021, which would result in a material impact on the NAV of the Group;
- (b) they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited Statement of Financial Position of the Group as at 28 February 2021;
- (c) there have been no material disposals or acquisitions of assets by the Group between 28 February 2021 and the Latest Practicable Date and save for the Group's current intention to dispose of the idle machinery in the Group's operations in China, the Group does not have any other plans for any impending material disposal or acquisition of assets, conversion of the use of the Group's material assets and/or material change in the nature of the Group's business;
- (d) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events as at the Latest Practicable Date which are likely to have a material impact on the unaudited NAV of the Group as at 28 February 2021;
- (e) there are no litigation, claim or proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have an adverse material impact on the financial position of the Group; and
- (f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the Statement of Financial Position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been disclosed that would have a material impact on the unaudited NAV of the Group as at 28 February 2021.

8.4.4 Ex-cash NAV per Share

The Group recorded cash and cash equivalents of approximately S\$38.7 million as at 28 February 2021, representing S\$0.1311 per Share and accounting for 55.4% of the NAV of the Group as at 28 February 2021. As it represents a significant percentage of the NAV of the Group, we have also considered the Group's ex-cash NAV below in line with the NAV approach which assumes a hypothetical sale of its assets over a reasonable period of time.

After deducting the cash and cash equivalents from the NAV, we note that the ex-cash NAV of the Group as at 28 February 2021 was approximately S\$31.1 million or S\$0.1056 per Share (the "**Ex-cash NAV per Share**"). We also note that after deducting the cash and cash equivalents from the RNAV, the Group's ex-cash RNAV of the Group as at 28 February 2021 was approximately S\$37.6 million or S\$0.1276 per Share (the "**Ex-cash RNAV per Share**").

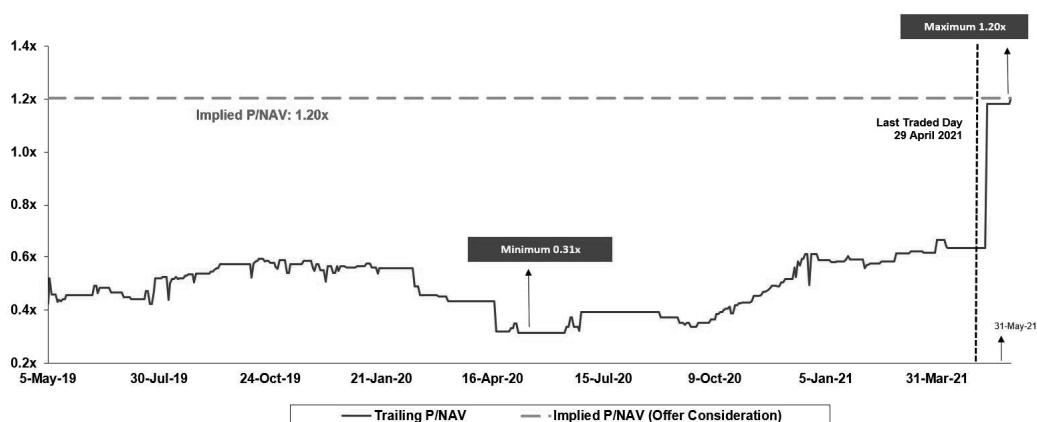
The Cash Consideration as adjusted for cash and cash equivalents of S\$0.1311 per Share, is S\$0.1539 per Share and represents a premium of 45.7% over the Ex-cash NAV per Share, and a premium of 20.6% over the Ex-cash RNAV per Share.

8.5 Historical trailing P/NAV ratio of the Shares

We have compared the P/NAV of the Shares as implied by the Cash Consideration of 1.20 times against the historical trailing P/NAV of the Shares (based on the daily closing prices of the Shares and the Group's trailing announced NAV per Share) for the 2-year period from 5 May 2019 up to and including the Latest Practicable Date.

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Historical trailing P/NAV ratio⁽¹⁾



Source: S&P Capital IQ and PPCF calculations

Note:

- (1) P/NAV ratio of the Shares implied by the Cash Consideration (using the latest NAV per Share computed based on the Company's unaudited FY2021 financial results announcement) against the trailing P/NAV of the Shares computed based on the corresponding NAV for each financial reporting period as reported by the Company in its interim and full-year financial results announcements.

The average, minimum and maximum of the historical trailing P/NAV of the Shares from 5 May 2019 (being the beginning of the 2-year Lookback Period up to and including the Last Traded Day) to the Latest Practicable Date are set out below:

Historical trailing P/NAV ratio of the Shares

	Historical trailing P/NAV (times)		
	Average	Maximum	Minimum
Periods up to and including the Last Traded Day prior to the Offer Announcement			
2-year	0.49	0.66	0.31
1-year	0.47	0.66	0.31
6-month	0.58	0.66	0.43
3-month	0.62	0.66	0.57
1-month	0.64	0.66	0.63
Periods after the Offer Announcement Date up to and including the Latest Practicable Date			
Period between 10 May 2021 and the Latest Practicable Date	1.15	1.20	0.63
Latest Practicable Date	1.20	1.20	1.20

Source: S&P Capital IQ, financial results announcements of the Company and PPCF calculations

Based on the above, we note that:

- for the 1-month, 3-month, 6-month, 1-year and 2-year period prior to the trading halt and release of the Offer Announcement, the implied P/NAV of 1.20 times is above the average historical trailing P/NAV of the Shares of 0.64 times, 0.62 times, 0.58 times, 0.47 times and 0.49 times respectively; and
- for the period after the Offer Announcement Date up to and including the Latest Practicable Date, the implied P/NAV of 1.20 times is above the average historical trailing P/NAV of the Shares of 1.15 times, however the implied P/NAV of 1.10 times is below the same.

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8.6 Valuation ratios of selected listed companies broadly comparable to the Group

For the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST which we consider to be broadly comparable to the Company, to get an indication of the current market expectations with regard to the perceived valuation of the Company.

In light of the lack of direct comparable companies on the SGX-ST, we have expanded our coverage, through a search on publicly available information, to include companies which, *inter alia*, are primarily involved in the manufacturing of precision metal components (“**Comparable Companies**”). We have had discussions with Management about the suitability and reasonableness in selecting the Comparable Companies for comparison with the Group.

Relevant information has been extracted from S&P Capital IQ, publicly available annual reports and/or public announcements of the Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

In evaluating these companies, we have applied and used the following valuation ratios:

Valuation ratios	General descriptions
EV/EBITDA	“EV” or “enterprise value” is the sum of the company’s market capitalisation, preferred equity, minority interests, short and long-term debt less its cash and cash equivalents. “EBITDA” stands for historical earnings before interest, tax, depreciation and amortization expenses, inclusive of share of associates’ and joint ventures’ income and excluding exceptional items. The “EV/EBITDA” ratio illustrates the market value of a company’s business relative to its historical pretax operating cash flow performance, without regard to the company’s capital structure.
P/E	“P/E” or “price-to-earnings” illustrates the market price of a company’s shares relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
P/NAV	“P/NAV” or “price-to-NAV” illustrates the comparison between a company’s stock price or market value versus the book value of the company’s total shareholders’ common equity as indicated on its balance sheet. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

Brief descriptions of the Comparable Companies are set out below:

Name	Business description
InnoTek Limited (“ InnoTek ”)	InnoTek operates as a precision metal components manufacturer in Singapore, China and Thailand. Its main services include the provision of metal stamping, tooling design and fabrication services to automotive components, office automation, and consumer electronics products industries.
Spindex Industries Ltd (“ Spindex ”)	Spindex is principally engaged in the provision of precision engineering manufacturing services and trading of mechanical, electrical, electronic, and precision machine parts, as well as other engineering materials. Spindex has its headquarters in Singapore and production operations in China, Singapore and other ASEAN countries, serving a global customer base.
Miyoshi Ltd (“ Miyoshi ”)	Miyoshi’s main business activities include the manufacturing of semi-finished metal components for hard disk drives and removable storage devices. The company also engages in the metal stamping and

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Name	Business description
	manufacturing of consumer electronics. It operates in the Philippines, China, Thailand, Mexico, Hungary, Malaysia, Singapore, and internationally.
Metal Component Engineering Ltd (“MCE”)	MCE is principally engaged in the provision of mechanical manufacturing solutions, such as design, prototyping, tool and die fabrication, precision stamping production in Singapore, Thailand, Malaysia and China.
CFM Holdings Ltd (“CFM”)	CFM is principally involved in the design, fabrication and sales of tools-and-dies used for the manufacture of stamped metal components. The company serves electronics, automotive, telecommunications, technology, mechanical and engineering, and pharmaceutical industries. It operates in Singapore, Malaysia, the United States, the Slovak Republic, the Czech Republic, the Netherlands, and internationally.
Santak Holdings Ltd (“Santak”)	Santak is principally involved in the manufacturing of precision-machined components that are primarily used in hard disk drives, fibre-optics connectors, consumer electronic devices, telecommunication devices, medical equipment and computer peripherals. The company operates in Singapore, other ASEAN countries, North Asia, the United States, Europe, and internationally.

Source: S&P Capital IQ

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there may not be any listed company which we may consider to be identical to the Company in terms of, *inter alia*, geographical spread, composition of business activities, customer base, size and scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

We set out below the valuation statistics for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$'million)	EV / LTM ⁽³⁾ EBITDA ⁽²⁾ (times)	LTM ⁽³⁾ P/E (times)	P/NAV ⁽⁴⁾ (times)
InnoTek	221.5	4.9	16.0	1.24
Spindex	136.1	3.3	8.8	1.01
Miyoshi	20.9	n.m.	n.m.	0.54
MCE	14.4	18.1	n.m.	0.94
CFM	13.3	13.8	n.m.	1.26
Santak	6.5	n.m.	n.m.	0.35
High		18.1	16.0	1.26
Low		3.3	8.8	0.35
Mean		10.0	12.4	0.89
Median		9.4	12.4	0.98

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Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$'million)	EV / LTM ⁽³⁾ EBITDA ⁽²⁾ (times)	LTM ⁽³⁾ P/E (times)	P/NAV ⁽⁴⁾ (times)
Company (as implied by the Cash Consideration)	84.1	13.2	n.m.	1.20 (NAV as at 28 February 2021)
				1.10 (RNAV as at 28 February 2021)

Source: SGXNet, S&P Capital IQ and the relevant announcements by the Comparable Companies on the SGXNet

Notes:

- (1) Market capitalisation of the Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date as extracted from SGXNet.
- (2) The LTM EBITDA is set out in the latest available published interim results or latest full year results, whichever is applicable, as at the Latest Practicable Date. COVID-19 related grants or one-off items, if publicly disclosed in the results announcements, were excluded in determining the EBITDA of the Comparable Companies.
- (3) LTM means last 12 months.
- (4) Based on the respective Comparable Companies' most recently announced financial statements and/or annual reports.
- (5) n.m. denotes not meaningful as the Comparable Companies and the Company were loss-making in the last 12 months.

For illustration purposes only, we note that based on the Cash Consideration:

- (a) the EV/LTM EBITDA ratio of the Company of 13.2 times is within the range of the EV/LTM EBITDA ratios of the Comparable Companies and above the mean and median EV/LTM EBITDA ratios of 10.0 times and 9.4 times respectively; and
- (b) the implied P/NAV and P/RNAV ratios of the Company of 1.20 times and 1.10 times respectively are within the range of the P/NAV ratios of the Comparable Companies and are higher than the mean and median P/NAV ratios of 0.89 times and 0.98 times respectively.

8.7 Precedent privatisation and delisting transactions in Singapore

Pursuant to Rule 1105 of the Listing Manual, upon the announcement by the offeror that acceptances have been received that bring the holdings owned by the Offeror and the Concert Group to above 90% of the total number of issued Shares, the SGX-ST may suspend the trading of the Company until it is satisfied that at least 10% of the total number of Shares are held by at least 500 shareholders who are members of the public (the “**Free Float Requirement**”).

The Offeror has stated that its intention to delist and privatise the Company and, if eligible, the Offeror intends to exercise its rights of Compulsory Acquisition to acquire all the Offer Shares not acquired under the Offer at the Cash Consideration for each Offer Share.

Accordingly, for the purpose of our evaluation of the financial terms of the Offer, we have compared the valuation statistics implied by the Cash Consideration *vis-à-vis* recent successful privatisations and delistings of companies listed on the SGX-ST where the offeror has indicated similar intentions where it does not intend to preserve the listing status of the company.

We set out below the statistics on (i) privatisation transactions of companies listed on the SGX-ST, whether by way of scheme of arrangement under Section 210 of the Companies Act (“**Scheme**”), voluntary general offers (“**VGO**”) or mandatory general offers (“**MGO**”) under the Code; and (ii) delisting offers under Rule 1307 of the Listing Manual (“**VD**”), and the offer

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resulted in a successful privatisation and delisting of the target company (“**Precedent Privatisation Transactions**”).

As some of the Precedent Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Precedent Privatisation Transactions where available. The details on the Precedent Privatisation Transactions announced from 1 January 2019 up to the Latest Practicable Date are set out as follow:

Precedent Privatisation Transactions								
Date of announcement	Target	Type	Offer Price per Share (\$)	Premium/(Discount) of Offer Price over/(to) ⁽¹⁾				
				Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer Price to NTA/NAV (times)
04 Jan 19	PCI Limited ⁽⁴⁾	Scheme	1.330	28.9	44.0	47.2	50.9	1.97 ⁽²⁾
07 Jan 19	Declout Limited ⁽⁵⁾	VGO	0.130	62.5	66.7	66.7	58.5	1.28 ⁽⁶⁾
18 Jan 19	Courts Asia Limited	VGO	0.205	34.9	35.8	34.0	23.5	0.56 ⁽⁶⁾
04 Apr 19	Kingboard Copper Foil Holdings Limited	VGO	0.600	9.1	16.1	25.3	27.4	0.88 ⁽³⁾
06 May 19	800 Super Holdings Limited	VGO	0.900	16.1	30.8	31.2	25.3	2.06 ⁽³⁾
14 May 19	Memtech International Ltd.	VGO	1.350	23.9	31.5	31.6	35.6	1.09 ⁽²⁾
15 May 19	Boardroom Limited	VGO	0.880	14.3	18.9	16.1	17.6	2.02 ⁽⁷⁾
28 Jun 19	Hupsteel Limited	VGO	1.200	51.9	58.3	58.6	58.6	0.58 ⁽³⁾
05 Jul 19	Health Management International Ltd ⁽⁸⁾	Scheme	0.730 ⁽⁹⁾	14.1	23.9	27.8	29.7	5.62 ⁽³⁾
29 Jul 19	Delong Holdings Limited ⁽¹⁰⁾	VGO	7.000	1.9	8.0	17.9	37.2	0.60 ⁽²⁾
05 Aug 19	Star Pharmaceutical Limited	MGO	0.450	157.1	160.1	176.1	186.6	0.67 ⁽³⁾
20 Aug 20	China Jishan Holdings Limited	VGO	0.350	84.2	101.3	106.4	116.7	0.78 ⁽³⁾
20 Aug 19	PS Group Holdings Ltd.	VGO	0.118	195.0	266.7	267.5	267.5	0.62 ⁽³⁾
27 Aug 19	AVIC International Marine Holdings Limited	VGO	0.150	37.6	66.7	62.9	64.9	1.20 ⁽²⁾
05 Sep 19	San Teh Ltd	VGO	0.280	81.8	90.5	83.0	84.2	0.40 ⁽³⁾
25 Oct 19	Raffles United Holdings Ltd. ⁽¹¹⁾	VGO	0.065	(1.5)	0.0	10.0	15.9	0.28 ⁽²⁾
25 Oct 19	United Engineers Limited ⁽¹²⁾	MGO	2.700	1.5	5.3	4.5	5.7	0.82 ⁽³⁾
04 Nov 19	PACC Offshore Services Holdings Ltd.	VGO	0.215	69.3	99.4	93.0	70.2	0.96 ⁽³⁾
06 Nov 19	Citic Envirotech Ltd.	VD	0.550	48.6	61.6	68.5	65.5	1.15 ⁽²⁾
24 Feb 20	Breadtalk Group Ltd	VGO	0.770	19.4	30.1	24.0	25.0	2.81 ⁽⁷⁾
03 Apr 20	Elec & Eltek International Company Limited	VGO	3.360 ⁽¹³⁾	93.0	61.3	43.8	48.4	1.00 ⁽¹⁵⁾
01 Jun 20	Dynamic Colours Limited	VGO	0.225	13.6	22.8	29.1	26.8	0.95 ⁽⁷⁾
12 Jun 20	Perennial Real Estate Holdings Limited ⁽¹⁴⁾	VGO	0.950	88.1	105.2	124.2	112.7	0.57 ⁽¹⁵⁾
30 Jun 20	Luzhou Bio-Chem Technology Limited	VGO	0.030	100.0	87.5	130.8	150.0	n.m. ⁽¹⁶⁾
12 Aug 20	Teckwah Industrial Corporation Limited	VGO	0.650	17.8	23.1	25.0	32.4	0.81 ⁽³⁾
02 Sep 20	SK Jewellery Group Limited	VGO	0.150	70.5	90.2	94.8	93.7	1.31 ⁽²⁾

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Precedent Privatisation Transactions								
Date of announcement	Target	Type	Offer Price per Share (\$)	Last Transacted Price (%)	Premium/(Discount) of Offer Price over/(to) ⁽¹⁾			
					1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer Price to NTA/NAV (times)
9 Sep 20	Sunningdale Tech Ltd. ⁽¹⁷⁾	Scheme	1.650	32.0	39.1	45.0	58.2	0.79 ⁽¹⁵⁾
16 Sep 20	LCT Holdings Limited	VGO	0.600	39.5	60.8	61.7	61.5	0.91 ⁽³⁾
20 Nov 20	Sunvic Chemical Holdings Limited	VGO	0.028	27.3	40.0	(3.4)	16.7	0.16 ⁽²⁾
18 Dec 20	Hi-P International Limited	VGO	2.000	13.6	23.2	42.3	50.6	2.60 ⁽²⁾
11 Jan 21	CEI Limited ⁽¹⁸⁾	VGO	1.15	16.2	18.1	20.5	23.6	1.93 ⁽¹⁵⁾
15 Jan 21	GL Limited ⁽¹⁹⁾	VGO	0.800	42.9	46.6	52.4	45.8	0.74 ⁽³⁾
28 Jan 21	International Press Softcom Limited	VGO	0.045	12.5	25.3	32.0	21.6	1.08 ⁽²⁾
08 Mar 21	Jardine Strategic Holdings Limited ⁽²⁰⁾	VD	US\$33	20.2	29.0	28.0	40.3	0.57 ⁽²⁰⁾
30 Mar 21	Neo Group Limited	VGO	0.60	20.0	17.9	14.5	15.4	1.66 ⁽³⁾
				High	195.0	266.7	267.5	5.62
				Low	(1.5)	0.0	(3.4)	0.16
				Mean ⁽²⁰⁾⁽²¹⁾	36.5	44.8	47.0	1.09
				Median ⁽²⁰⁾⁽²¹⁾	27.3	35.8	34.0	0.91
6 May 21	Company (as implied by the Cash Consideration)		0.285	90.0	90.0	92.6	109.6	1.20 (NAV as at 28 Feb 2021)
								1.10 (RNAV as at 28 Feb 2021)

Source: The respective target companies' shareholders' circular and announcements in relation to the Precedent Privatisation Transactions on the SGXNet.

Notes:

- (1) Market premia/(discounts) calculated relative to the closing prices of the respective target companies one (1) day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcements;
- (2) Based on the NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (3) Based on the revalued NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (4) On 18 September 2018, PCI Limited ("PCI") announced that its controlling shareholder, Chuan Hup Holdings Limited, had been approached by a third party in connection with a potential transaction in relation to the securities of PCI and that discussions were on-going. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 17 September 2018, being the last undisturbed trading date;
- (5) Declout Limited had a significant stake in Procurri Corporation Limited ("Procurri") and had traded and consolidated the results of Procurri as its subsidiary. On 7 September 2018, Procurri announced that it had received an unsolicited, non-binding indication of interest from a third party to acquire the shares in Procurri by way of a possible voluntary general offer subject to, amongst others, due diligence. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 6 September 2018, being the last undisturbed trading date;
- (6) Based on the pro forma NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (7) Based on the adjusted NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;

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- (8) On 17 June 2019, the directors of Health Management International Ltd (“HMI”) announced that it was in discussions with a third party regarding a possible transaction involving HMI. The market premia in the table above were computed based on the cash consideration as compared to the share prices for the period(s) up to and including 14 June 2019, being the last undisturbed trading day;
- (9) The acquisition for all the issued shares of HMI by PanAsia Health Limited (being the offeror) was effected by way of a Scheme and the scheme consideration was (i) S\$0.730 in cash; or (ii) one offeror share at an issue price of S\$0.730 per offeror share;
- (10) On 27 September 2018, the voluntary conditional cash offer for the issued shares of Delong Holdings Limited was announced. On 11 October 2018, it was announced that the offer was withdrawn in accordance with Rule 4 of the Code. On 29 July 2019, it was announced that the offeror will make a voluntary conditional cash offer on substantively the same terms and the market premia in the table above were computed based on the share prices for the period(s) up to and including 26 September 2018, being the last unaffected trading day;
- (11) On 1 July 2019, a mandatory unconditional cash offer was made for the issued shares in Raffles United Holdings Ltd. and the shares were subsequently suspended from trading on 14 August 2019 as a result of the loss of free float following the offer. The market premia/(discount) in the table above were computed based on the share prices for the period(s) prior to the suspension of the trading of the shares on 14 August 2019 following the loss of free float;
- (12) On 25 October 2019, a mandatory unconditional cash offer was made for the issued shares of United Engineers Limited (“UEL”) at an offer price of S\$2.60 in cash. The stated intention of the offeror was to maintain the listing status of UEL on the SGX-ST. On 12 November 2019, it was announced that the offer price was revised from S\$2.60 to S\$2.70 per share. On 16 December 2019, it was announced that, *inter alia*, the offeror did not intend to preserve the listing status of UEL if the public float is less than 10% of its issued shares, and UEL was subsequently compulsorily acquired and delisted on 26 February 2020.
- (13) The offer price for Elec & Eltek International Limited was made at HK\$18.07 which is equivalent to S\$3.36 after applying the 3 April 2020 (being the offer announcement date) exchange rate as extracted from Bloomberg L.P.;
- (14) On 18 May 2020, Perennial Real Estate Holdings Limited (“Perennial”) announced that its directors had been notified that certain of its substantial shareholders were reviewing the options in relation to their shareholdings in Perennial. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 15 May 2020, being the last undisturbed trading date;
- (15) Based on the adjusted revalued NTA/NAV per share (as the case may be), as published in the respective circulars of the target companies;
- (16) Denotes “not meaningful” as Luzhou Bio-Chem Technology Limited had recorded a net tangible liability and revalued net tangible liability as at 31 December 2019;
- (17) The market premia implied by the scheme consideration price of S\$1.65 per share in Sunningdale Tech Limited (“Sunningdale”) were computed based on prices prior to the date of the holding announcement on 9 September 2020, when Sunningdale first announced that it had been approached in relation to a possible transaction involving the Sunningdale Shares.
- (18) The market premia implied by the offer consideration of S\$1.15 per share in CEI Limited (“CEI”) were computed based on the last transacted price prior to the date of the pre-conditional offer announcement date on 11 January 2021, when CEI first announced that an offeror has approached to make a voluntary conditional offer on CEI’s shares, subject to and contingent upon certain pre-conditions.
- (19) On 15 March 2021, the offeror announced a revised offer of S\$0.80 for GL Limited. The premia of the offer price over the relevant VWAP were computed based on the share prices for the periods prior to the offer announcement date;
- (20) On 8 March 2021, Jardine Matheson Holdings Limited (“Jardine Matheson”) and Jardine Strategic Holdings Limited (“Jardine Strategic”) had announced a recommended cash offer for the remaining 15% equity interest that Jardine Matheson did not already own at the time. A special general meeting was called on 12 April 2021 to table the amalgamation resolution and Jardine Strategic was subsequently delisted from the SGX-ST on 15 April 2021. The P/NAV ratio was computed with the NAV per share as at 31 December 2020 of US\$58.22 as disclosed in the results announcement released by Jardine Strategic on 11 March 2021;
- (21) PS Group Holdings Ltd. and Star Pharmaceutical Limited were excluded as statistical outliers in the computation of the mean and median premium of the offer price over the last transacted prices, 1-month, 3-month and 6-month VWAP prior to the offer announcements; and
- (22) HMI was excluded as a statistical outlier in the computation of the mean and median offer price to NTA/NAV ratios.

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Based on the above analysis, we note the following:

- the premium implied by the Cash Consideration over the last transacted price of 90.0% is within the range and higher than the mean and median premia of 36.5% and 27.3% respectively;
- the premium implied by the Cash Consideration over the VWAP for the 1-month period of 90.0% is within the range and higher than the mean and median premia of 44.8% and 35.8% respectively;
- the premium implied by the Cash Consideration over the VWAP for the 3-month period of 92.6% is within the range and higher than the mean and median premia of 47.0% and 34.0% respectively;
- the premium implied by the Cash Consideration over the VWAP for the 6-month period of 109.6% is within the range and higher than the mean and median premia of 48.8% and 40.3% respectively; and
- the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are within the range of P/NAV ratios of the Precedent Privatisation Transactions and higher than the mean and median P/NAV ratios of 1.09 times and 0.91 times respectively.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, 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 of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Precedent Privatisation Transaction should be judged on its own merits (or otherwise).

The list of Precedent Privatisation Transactions indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisation Transactions over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Privatisation Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation Transaction or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to Compulsory Acquisition.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisation Transactions and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisation Transactions. The list of the Precedent Privatisation Transactions is by no means exhaustive and any comparison of the Offer with the Precedent Privatisation Transactions is for illustration purposes only.

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Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

8.8 Precedent Acquisition Transactions of companies broadly comparable to the Group

For the purpose of our evaluation of the financial terms of the Offer, we have also attempted to compare the valuation statistics implied by the Cash Consideration *vis-à-vis* recently completed mergers and/or acquisition transactions involving acquisitions of equity interest in companies which are engaged in the precision parts manufacturing business ("**Precedent Acquisition Transactions**"). However, publicly available information on these Precedent Acquisition Transactions may be limited and may not include the relevant financial information necessary for our comparison purposes.

Relevant information has been extracted from S&P Capital IQ and/or public announcements of the Precedent Acquisition Transactions, where available. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The details on the selected Precedent Acquisition Transactions are set out below:

Completion Date	Target Company	Description and Background
7 March 2017	Innovalues Limited (" Innovalues ")	Innovalues engages in the manufacture, assembly, sub-assembly, and sale of precision turned machining parts, components, and electronic and mechanical devices for the automotive and office automation industries. It also provides surface treatment services for precision machined components. It has operations in Singapore, Thailand, Malaysia, China, the United States, Mexico, Brazil, Germany, and internationally. Precision Solutions Limited as offeror, is an indirect wholly-owned subsidiary of Northstar Equity Partners IV, a fund sponsored by Northstar Advisors Pte. Ltd entered into an agreement to acquire 100% interest in Innovalues for approximately S\$340 million on 25 October 2016 under a scheme of arrangement. After receiving the Singapore Court's sanction for the scheme of arrangement and the approval from the Innovalues shareholders, it was delisted from the SGX-ST on 16 March 2017.
17 May 2017	Advanced Integrated Manufacturing Corp. Ltd. (" AIM ")	AIM provides electronic manufacturing services such as the assembly of printed circuit boards and kitting. AIM also manufactures machined components, precision stampings, sheet metal parts, and surface treatment for the aircraft and medical industries. It serves original equipment manufacturers and multinational corporations primarily in the aerospace-avionics, medical/life, automotive, and analytical science industries. The company operates in Singapore, the United States, Malaysia, the United Kingdom, Canada, France, Italy, Thailand, China, and India. Tan Kim Yong, Tan Gim Seng, Tan Kim Wah and Chng Sock Cheng being shareholders of the offeror, Hao Corp Pte. Ltd., made an offer to acquire the remaining 11.76% stake that they do not already own in AIM for S\$3.3 million in cash on 24 November 2016. AIM was delisted on 29 May 2017 following the receipt of approvals from the SGX-ST, shareholders of AIM and the fulfilment of minimum acceptance conditions pursuant to the offer.
16 January 2018 (" JEP A ")	JEP Holdings Ltd. (" JEP ")	JEP provides precision machining services for aerospace, oil and gas, electronics, and automotive industries and large format precision engineering and equipment fabrication services. It has operations in Singapore, China, Malaysia, the United States, Canada, India, Switzerland, France, Norway, the Middle East, and Southeast Asia.
10 May 2019 (" JEP B ") and		
21 April 2021 (" JEP C ").		JEP A UMS Holdings Limited ("UMS") acquired a 22.0% interest in JEP from Zee Hoong Huay ("ZHH") an executive director and others from JEP in a married deal for an aggregate consideration of S\$22.4 million on 16 January 2018. Following the completion of the transaction, ZHH has ceased to be the controlling shareholder (but remains as a substantial shareholder with 12.48% shareholding) of JEP.

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Completion Date	Target Company	Description and Background
		JEP B UMS acquired a 10.9% interest in JEP from Ellipsiz Ltd. in a married deal at S\$0.156 per share, for an aggregate consideration of S\$6.6 million on 10 May 2019. Following the completion of the transaction, UMS owns approximately 38.8% in JEP and has made a general offer to acquire the remaining shares at S\$0.150 per share and outstanding warrants at S\$0.074 per warrant in cash. Following the general offer, JEP's listing status was retained in accordance with UMS' intentions and UMS holds 39.19% interest in JEP. JEP C UMS acquired an additional 13.1% stake in JEP from ZHH for S\$10.8 million at S\$0.20 per share on 21 April 2021. Following completion of this transaction, UMS owns 53.79% stake in JEP and has made a general offer on 21 April 2021 to acquire all of the remaining shares in JEP at the offer price of S\$0.20 per share. UMS intends to retain the listing status of JEP following completion of the offer. As of the Latest Practicable Date, the offer for JEP has not yet closed.
29 April 2019	PCI Limited ("PCI")	PCI provides electronics manufacturing services in the United States, Ireland, China, Germany, ASEAN, and internationally. Its electronics manufacturing services include printed circuit board assembly, and user interface panels and complete box build. As of April 29, 2019, PCI was successfully privatised. The investment funds and entities affiliated with and advised by Platinum Equity, LLC entered into an implementation agreement to acquire the entire interest in PCI from Chuan Hup Holdings Limited, Ho Soo Ching, his wife and other shareholders for approximately S\$264 million on 4 January 2019 through a scheme of arrangement. PCI was delisted from the SGX-ST on 10 May 2019 following the receipt of approvals from the SGX-ST and shareholders of CHH shareholders and PCI.
Binding sale and purchase agreement was signed on 31 December 2020 but acquisition has not been completed as at the Latest Practicable Date.	Broadway Industrial Group Limited ("Broadway")	Broadway manufactures and sells precision-machined components and assemblies for electronics, automotive, oil and gas, and other industries. It also manufactures various actuator arms, and related assembled parts primarily for the hard disk drive industry. The company also distributes precision machined components; and provides business and management consultancy services. It operates in Thailand, China, Singapore, and internationally. Broadway had on 31 December 2020 announced that it had entered into a conditional sale and purchase agreement as seller with Suzhou Gefan Hardware And Plastic Industrial Co., Ltd., being the purchaser and Seksun Technology (Suzhou) Co., Ltd. to sell Broadway's 100% interest in its hard disk drive manufacturing business ("HDD Business") for a cash consideration of US\$50 million (S\$66.1 million). The HDD Business comprises BIGL Asia Pte. Ltd. and its subsidiaries and the aggregate net tangible asset value of the HDD Business as at 31 December 2019 is stated in announcements to be US\$33.0 million (S\$43.7 million). The proposed transaction is subject to the completion of certain conditions, including the pro forma NAV of the HDD Business for the financial year ended 31 December 2020 being not less than US\$40 million (the "Minimum NAV"), and obtaining approval from shareholders and regulatory authorities. For the purposes of comparison, we have used information extracted from assets held for sale in Broadway's FY2020 annual report for the period ended 31 December 2020 as a proxy for the earnings and EBITDA of the HDD Business. The NAV of Broadway's HDD Business is assumed to be at the Minimum NAV, being a condition precedent of the sale and purchase agreement.

Source: relevant company announcements by targets and acquirers.

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Valuation ratios of Precedent Acquisition Transactions

Target Company	Acquirer Company	Implied Equity Value ⁽¹⁾ (S\$'million)	Implied EV/EBITDA ⁽²⁾ (times)	Implied P/E ⁽²⁾ (times)	Implied P/NAV ⁽²⁾ (times)
Innovalues	Precision Solutions Limited	331.4	9.6	15.9	3.70 ⁽⁶⁾
AIM	Hao Corp Pte. Ltd.	27.7	n.m.	n.m.	0.66 ⁽⁴⁾
JEP A ⁽³⁾	UMS	102.0	25.8	n.m.	2.20
JEP B	UMS	60.2	8.6	27.4	0.73 ⁽⁴⁾
JEP C	UMS	82.8	12.7	13.9	0.94 ⁽⁴⁾
PCI	Chuan Hup Holdings Limited	264.8	5.3	12.1	2.56
Broadway's HDD Business ⁽⁵⁾	Suzhou Gefan Hardware And Plastic Industrial Co., Ltd.	66.2	1.5	3.7 ⁽⁶⁾	1.25 ⁽⁷⁾

High	25.8	27.4	3.70
Low	1.5	3.7	0.66
Mean	10.6	17.3	1.39
Median	9.1	14.9	1.10

Company (as implied by the Cash Consideration)	84.1	13.2	n.m.	1.20 (NAV as at 28 February 2021)
				1.10 (RNAV as at 28 February 2021)

Source: S&P Capital IQ, MAS and relevant company announcements and circulars by targets and acquirers on the SGXNet.

Notes:

- (1) Implied equity value refers to the consideration paid for the implied 100% equity stake of each of the Target Companies. The implied equity values for AIM and JEP have been recomputed based respective equity stakes acquired to obtain the implied 100% equity stake.
- (2) Valuation ratios of the target companies were extracted from the relevant acquisition or offer announcements and circulars.
- (3) Valuation ratios of JEP A were computed based on the then latest financial results of JEP for the half-year ended 30 June 2017.
- (4) Based on the RNAV per share as published in the respective circulars.
- (5) EV/EBITDA and P/E ratios of Broadway's HDD Business were computed based on the information extracted from the FY2020 annual report of Broadway as proxy. The NAV of Broadway's HDD Business is assumed to be at the Minimum NAV, being a condition precedent of the sale and purchase agreement.
- (6) Innovalues was excluded as a statistical outlier in the computation of the mean and median P/NAV and Broadway's HDD Business was excluded as a statistical outlier in the computation of the mean and median implied P/E.
- (7) We note that Broadway's HDD Business has not yet been completed as at the Latest Practicable Date and the completion of the binding sale and purchase agreement is subject to completion of certain conditions including but not limited to the Minimum NAV as well as approval from shareholders and regulatory

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authorities. We also note from Broadway's FY2020 annual report that there were no revaluation nor impairments made to the HDD Business for the year and we have accordingly assumed the NAV of the HDD Business to be the Minimum NAV.

- (8) n.m. denotes "not meaningful" as the Target Companies and the Company were either loss-making and/or has a negative EBITDA.

For illustration purposes only, we note the following:

- (a) the Company is loss-making and the P/E ratio is not meaningful. However, after taking into consideration the Company's normalised profit before taxation, net finance costs and depreciation and amortisation expenses, the Company has an EV/EBITDA ratio of 13.2 times, which is within the range of the Precedent Acquisition Transactions and higher than the mean and median EV/EBITDA ratios of 10.6 times and 9.1 times respectively; and
- (b) the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are within the range of P/NAV ratios of the Precedent Acquisition Transactions and higher than or equal to the median P/NAV ratio of 1.10 times but lower than the mean P/NAV ratio of 1.39 times.

We wish to highlight to the Independent Directors that the Precedent Acquisition Transactions are not exhaustive and the target companies may not be 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 the valuation statistics for these Precedent Acquisition Transactions. Therefore, any comparison made serves only as an illustrative guide.

8.9 Estimated valuation of the Shares

As mentioned in paragraphs 8.1 to 8.8 above, we have taken into account various factors and evaluated the financial terms of the Offer, being the Cash Consideration of S\$0.285 per Offer Share.

We have considered both the earnings approach and the asset-based valuation. Given the asset-intensive nature of the Group's precision parts manufacturing business substantially due to its PPE, we have focused on the asset-based valuation approach (as opposed to other valuation approaches) for the purpose of evaluating the financial terms of the Offer.

Save for the acquisition of shares in JEP C and the acquisition of Broadway's HDD Business that were negotiated within the past two years ("**Recent Acquisitions**"), the remaining five Precedent Acquisition Transactions were completed prior to the COVID-19 pandemic and were based on pre-COVID-19 financial results. As such, we have considered the implied EV/EBITDA and P/RNAV ratios of the Recent Acquisitions in our estimated valuation of the Shares.

Valuation ratios of Recent Acquisitions			
Target Company	Acquirer Company	Implied EV/EBITDA (times)	Implied P/RNAV (times)
JEP C	UMS	12.7	0.94
Broadway's HDD Business ⁽¹⁾	Suzhou Gefan Hardware and Plastic Industrial Co., Ltd.	1.5	1.25 ⁽¹⁾
Mean		7.1	1.10

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Note:

- (1) We note that Broadway's HDD Business has not yet been completed as at the Latest Practicable Date and the completion of the binding sale and purchase agreement is subject to completion of certain conditions including but not limited to the Minimum NAV as well as approval from shareholders and regulatory authorities. We also note from Broadway's FY2020 annual report that there were no revaluation nor impairments made to the HDD Business for the year and we have accordingly assumed the NAV of the HDD Business to be the Minimum NAV.

Based on the RNAV of the Group as at 28 February 2021 of approximately S\$0.2587 per Share, the estimated valuation of the Shares as implied by the mean implied P/RNAV ratio of the Recent Acquisitions of 1.10 times was S\$0.285.

Notwithstanding the asset-intensive nature of the Group's precision parts manufacturing business, we have decided to adopt the EV/EBITDA multiple valuation approach as a secondary check on the asset-based valuation approach. We have not considered the comparable P/E multiples as the it would not be relevant to the Company which is loss-making in the latest reported financial year.

Based on the EBITDA of the Group for FY2021 of S\$0.012 per Share, the estimated valuation of the Shares as implied by the mean EV/EBITDA ratio of the Recent Acquisitions of 7.1 times was S\$0.213.

Due to the adverse impact of the COVID-19 pandemic and the regional government-mandated movement control policies impacting the labour markets, there are greater uncertainties surrounding the current business conditions of the industry and the range of multiples that the Recent Acquisitions exhibited may be wider than usual.

We have also considered the valuation multiples of Comparable Companies given that they operate in a similar industry but noted that the Recent Acquisitions are more relevant than the Comparable Companies as the valuation multiples are implied by actual transactional offers that have been negotiated between the willing buyer and willing seller.

Nevertheless, the Cash Consideration of S\$0.285 per Offer Share is at the upper end of our estimated valuation range of the Shares of between S\$0.213 and S\$0.285.

8.10 The Offeror Shares

8.10.1 As mentioned in paragraph 3.2 of this letter, Shareholders who accept the Offer may elect to receive either of the following and not a combination thereof as their Offer Consideration:

- (a) Cash Consideration of S\$0.285 for each Offer Share; or
- (b) one New Offeror Share for each Offer Share.

The Offeror is a company incorporated in Singapore on 22 March 2021 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.

As at the Offer Announcement Date, the Offeror has an issued and paid-up share capital of S\$12.00 comprising 12 Offeror Shares, and each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem own 3 Offeror Shares. Ms. Law Yu Chui and Mdm. Lee Hang Ngok are also the directors of the Offeror. The Offeror did not own any Shares as at the Offer Announcement Date.

In addition, we note that the Offeror has been granted the Bridging Loan of up to S\$18.5 million from Maybank in a letter of offer dated 23 April 2021. The Bridging Loan obtained is for the purpose of financing the Cash Consideration in the event that the Offer turns unconditional. The Bridging Loan is secured against, *inter alia*: (i) all the Offeror Shares owned by the Concert Group; and (ii) all the Shares owned or acquired by the Offeror.

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The issue price for each New Offeror Share pursuant to the New Offeror Shares Consideration is S\$0.285 and **the New Offeror Shares are not and will not be listed on any securities exchange.**

In addition, the Minimum Acceptance Condition has been set at 90%, which is the same threshold required for the Offeror to exercise the right of Compulsory Acquisition. The Offeror has further stated that it intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer at the Cash Consideration and proceed to delist the Company from the SGX-ST.

In such an event, the Company will become a wholly-owned subsidiary of the Offeror and the assets and liabilities of the Offeror will comprise the Group's assets and liabilities, in addition to the six-month Bridging Loan of S\$18.5 million provided by Maybank. We have illustrated two scenarios, being Scenarios A and B, with respect to the resultant shareholdings of the Offeror below.

Scenario A (all Cash Consideration)

Assuming that:

- (i) the Offer turns unconditional and all of the accepting Shareholders (save for the Concert Group) have elected to receive the Cash Consideration as their Offer Consideration for their Offer Shares;
- (ii) the Offeror incurs estimated transactional expenses of approximately S\$1,000,000 as payables; and
- (iii) the Offeror has no other assets or liabilities save for the Bridging Loan which will be drawn down to pay the Cash Consideration to the accepting Shareholders (save for the Concert Group) of approximately S\$17.9 million,

the resultant shareholdings of the Offeror will be as follows:

Offeror Shareholders	No. of issued Offeror Shares	% shareholding in Offeror
NHPL	191,347,100	82.4
Ms. Law Yu Chui	10,419,603	4.5
Mdm. Lee Hang Ngok	10,419,603	4.5
Mr. Law Kung Ming	10,419,600	4.5
Mr. Law Kung Ying	9,330,900	4.0
Mr. Law Tak Lun	3	n.m.
Mr. Christopher Law Tak Heem	43,003	n.m.
Ms. Law Cheok Yien	100,000	n.m.
Ms. Tan Hai Ting	62,400	n.m.
Mr. Tan Hai Yin	38,400	n.m.
Total	232,180,612	100.0

The NAV of the Offeror will wholly comprise of the Group's RNAV of approximately S\$57.4 million, after taking into account the Cash Consideration paid to accepting Shareholders and the estimated transactional expenses. As such, under these assumptions, the proxy for the Offeror NAV per Share and the implied value of each Offeror Share will accordingly be S\$0.247 per Offeror Share under Scenario A.

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Scenario B (All New Offeror Shares Consideration)

Assuming that:

- (i) the Offer turns unconditional and all of the accepting Shareholders have elected to receive the New Offeror Shares Consideration as their Offer Consideration for their Offer Shares;
- (ii) the Offeror has no other assets or liabilities and incurs estimated transactional expenses of approximately S\$1,000,000 as payables; and
- (iii) the settlement date in respect of the Offer Shares accepted or compulsorily acquired pursuant to the Offer falls **on or before the Record Date** such that the Offeror will receive any Distributions (including the FY2021 Dividend),

the resultant shareholdings of the Offeror will be as follows:

Offeror Shareholders	No. of issued Offeror Shares	% shareholding in Offeror
NHPL	191,347,100	64.9
Ms. Law Yu Chui	10,419,603	3.5
Mdm. Lee Hang Ngok	10,419,603	3.5
Mr. Law Kung Ming	10,419,600	3.5
Mr. Law Kung Ying	9,330,900	3.2
Mr. Law Tak Lun	3	n.m.
Mr. Christopher Law Tak Heem	43,003	n.m.
Ms. Law Cheek Yien	100,000	n.m.
Ms. Tan Hai Ting	62,400	n.m.
Mr. Tan Hai Yin	38,400	n.m.
Other Shareholders	62,783,600	21.3
Total	294,964,212	100.0

The NAV of the Offeror will wholly comprise of the Group's RNAV of approximately S\$75.3 million, after taking into account the estimated transactional expenses. Under these assumptions, the proxy for the Offeror NAV per Share and the implied value of each Offeror Share will accordingly be S\$0.255 per Offeror Share under Scenario B.

8.10.2 Assessment of the Offer Consideration

Our assessment of the Offer Consideration based on the above Scenarios A and B (which assumes the successful privatisation of the Company) are as follows:

Option 1: Cash Consideration – Shareholders who wish to realise their entire investment in the Company with the certainty of value should either sell their Shares in the open market if they are able to obtain a price higher than the Cash Consideration after deducting brokerage costs **OR** accept the Offer and elect to receive the Cash Consideration in respect of all their Shares. As the Offer Consideration due to the Shareholder will be reduced by an amount which is equal to the amount of any dividend paid by the Company to the Shareholder, whether a Shareholder tenders his Shares for acceptance before or after any Distributions paid is immaterial.

Option 2: New Offeror Shares Consideration (prior Distributions) – Shareholders who wish to remain invested in the growth and prospects of the Company and are prepared to bear the higher risk of holding shares in an unlisted company (i.e. the Offeror) and are prepared to comply with and provide particulars and supporting documents as may be prescribed by know-your-client and The Accounting and Corporate Regulatory Authority regulations, should accept

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the Offer and elect to receive the New Offeror Shares Consideration prior to receiving Distributions from the Company. Shareholders should be aware of the outlook of the industry the Group operates in and the risks of holding unlisted shares as elaborated in paragraphs 9.1 and 9.5 of this letter respectively, and Appendix 4 to the Offer Document.

Option 3: New Offeror Shares Consideration (after Distributions) – Shareholders should also consider the timing of accepting the Offer whether it is prior to the Record Date of any Distributions (including the FY2021 Dividend) to determine the number of New Offeror Shares that Shareholders are entitled to under the New Offeror Shares Consideration as a result of having received the Distributions. **This option may not be relevant if the Record Date of the Distributions, as announced by the Company from time to time, is outside the period where the Offer is open for acceptances.**

For illustration purposes on the difference between Options 2 and 3 and to account for the timing of accepting the New Offeror Shares Consideration **after** the Record Date of any Distributions (including the FY2021 Dividend), please refer to the below table which assumes that an accepting Shareholder has tendered 1,000 Offer Shares in acceptance of the Offer:

	Cash Received	New Offeror Shares Entitled
Option 1: Cash Consideration	S\$285 (based on Cash Consideration of S\$0.285 per Offer Share)	-
Option 2: Offer Shares tendered for acceptance before receiving Distributions	-	1,000 (issued at S\$0.285 each)
Option 3: Offer Shares tendered for acceptance after receiving Distributions	S\$5 ⁽¹⁾	982 ⁽²⁾ (issued at S\$0.285 each)

Notes:

- (1) Computed based on total dividend received for 1,000 Offer Shares held, with the receipt of the FY2021 Dividend at S\$0.005 final one-tier tax-exempt dividend per share.
- (2) New Offer Shares entitled have been computed based on the rounded down figure obtained by dividing the reduced Offer Consideration of $1,000 \times \text{S\$}0.280$ by the Offeror Share issue price of S\$0.285, as fractional entitlements are disregarded.

A Shareholder would be entitled to 1,000 New Offeror Shares (issued at S\$0.285 each) as the Offer Consideration for 1,000 Offer Shares in Option 2.

Assuming the FY2021 Dividend is approved by Shareholders at the upcoming annual general meeting, should a Shareholder choose to accept the Offer after having received the FY2021 Dividend of S\$0.005 per Share in Option 3, his New Offeror Shares entitlement would be rounded down to 982 New Offeror Shares as fractional entitlements are disregarded and accordingly, he will receive S\$5.00 in cash and 982 New Offeror Shares.

It should be noted that in a situation where the Minimum Acceptance Condition is not met during the Offer, the Offer will lapse and all Shares will be returned at the close of the Offer to the Shareholders who have validly accepted the Offer, regardless of whether they have elected to receive the Cash Consideration or the New Offeror Shares Consideration.

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8.11 Dividend track record of the Company

For the purpose of assessing the Offer, we have considered the historical dividend track record of the Shares for the last five financial years prior to the Offer Announcement Date and compared them with the returns which a Shareholder may potentially obtain by re-investing the proceeds from the Offer in other selected alternative equity investments.

The Company had declared and paid (save for the FY2021 Dividend) the following ordinary dividends in respect of its last five financial years:

Historical dividend track record of the Company					
(S\$)	FY2017	FY2018	FY2019	FY2020	FY2021
Total dividend per Share	0.0040	-	0.0015	0.0050	0.0050 ⁽¹⁾
1-year average Share price	0.2148	0.1957	0.1376	0.1389	0.1099
Dividend yield (%)	1.86	-	1.09	3.60	4.55

Source: S&P Capital IQ, financial results announcements of the Company and PPCF calculations

Note:

- (1) The Company declared its final tax-exempt (one-tier) dividend per Share of S\$0.005 for FY2021 on 26 April 2021. The total dividend computed assumes that the resolution for the final dividend for FY2021 to be tabled at the Company's upcoming FY2021 annual general meeting will be passed.

Notwithstanding that the Company does not have a fixed and written dividend policy, the Company has a historical dividend track record in the last five financial years. The interim dividends will be declared and paid following the publication of the Company's interim financial results while the final dividend declared at the publication of the Company's full-year financial results will be paid after the approval by Shareholders at the annual general meeting. There can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate, as well as other legal and regulatory requirements.

For the purpose of analysing the Offer, we have considered that the Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments such as a broad Singapore market index instrument such as the STI Exchange Traded Fund ("STI ETF").

For illustration purposes, the dividend yield of the STI ETF based on their ordinary dividends declared over the latest 12 months are as follows:

Dividend yield of alternative equity investment	
	Net dividend yield⁽¹⁾ (%)
STI ETF	4.35
Company (based on the Cash Consideration)	1.75 ⁽²⁾

Source: S&P Capital IQ, financial results announcements of the Company and PPCF calculations

Notes:

- (1) Net dividend yield of STI ETF is computed as the dividends declared over the latest twelve months divided by the closing market price as at the Latest Practicable Date (or where there was no trading on such date, the last available closing market price). The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (2) Net dividend yield of the Company is computed as the sum of dividends declared over the latest twelve months, as represented by the final tax-exempt (one-tier) dividend per Share of S\$0.005 for FY2021 declared on 26 April 2021 respectively, divided by the Offer Consideration. The above illustrated dividend yield of the Company assumes that the resolution for the final dividend for FY2021 to be tabled at the Company's upcoming annual general meeting will be passed.

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Based on the above dividend analysis, we note the net dividend yield of the Company as implied by the Cash Consideration is below that of the STI ETF at 4.35%. This suggests that a Shareholder who accepts the offer may potentially experience an increase in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company's future dividend policy nor that of the STI ETF. There is no assurance that the Company will continue or STI ETF will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods.

Notwithstanding the above, it is uncertain whether the Company and STI ETF can maintain its historical dividend yields at the levels set out above, hence it is uncertain whether the Shareholders will be able to achieve their desired levels of investment income by liquidating their investment in the Company and reinvesting their proceeds in the STI ETF or other alternative investments.

The Independent Directors should note that an investment in STI ETF provides a different risk-return profile as compared to an investment in the Shares, and therefore the above comparison serves purely as a guide only. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed.

In addition, there can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Board of Directors may deem relevant, as well as other legal and regulatory requirements.

9 OTHER CONSIDERATIONS

9.1 Outlook of the industry that the Group is operating in

We note that the Company had made a commentary in the FY2021 results announcement on the significant trends and competitive conditions of the industry that may affect the Group in the next reporting period and the next 12 months. The commentary has been reproduced below in italics and should be read in the context of the entire FY2021 results announcement:

“Developments surrounding COVID-19

Operations in Zhuhai subsidiaries is back to normal.

For operations in Johor and Penang, as announced by the Malaysian government on 12 April 2021, the Conditional Movement Control Order has been extended to 28 April 2021. However, there is no impact on our Malaysian factories as our manufacturing activities have resumed under strict safety measures.

Operation in Singapore is not affected as it is mainly carrying out head office functions. With effect from 5 April 2021, 75% of employees are allowed to return to workplace at any one time.

For the HDD components segment, forecast from customers for VCM plates and air combs are expected to be lower. One of the air comb models is expected to be end-of-life in the next two quarters.

Forecast sales for Forged and Machined segment is expected to be better due to higher customers' demands.

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For the PMS components segment, forecast from customers is expected to be higher due to new projects which have started mass production.

The global trade friction and the COVID-19 pandemic continue to leave the business environment uncertain and challenging.”

As at the Latest Practicable Date, we note that the Malaysian government has implemented a two-week “total lockdown” from 1 June 2021 to 14 June 2021 (“**Phase 1**”) as Malaysia’s COVID-19 numbers continued to surge. Should the Phase 1 lockdown be successful in reducing the daily COVID-19 cases, the government will implement a four-week phase 2 lockdown and a final phase 3 with restrictions similar to the movement control orders throughout Malaysia announced on 10 May 2021 (“**MCO 3.0**”)¹. We understand from Management that the Company’s manufacturing activities in Johor and Penang have been allowed to continue operations in Phase 1 under strict safety measures at reduced capacities of 60% and 10% respectively. Shareholders should note that the situation is still developing and potential impact of any further lockdowns in any of the jurisdictions that the Company operates in are increasingly uncertain and difficult to assess.

Pursuant to Rule 25 of the Code, should any statements of prospects be made by the Company, whether in connection with the Offer or otherwise, the statements are required to be examined and reported on by the Company’s independent auditors and the IFA. The statements replicated below (the “**Prospects Statements**”) from the Company’s unaudited financial results announcement for FY2021 are deemed as profit forecasts under Rule 25.6 of the Code and is subject to this requirement:

- *For the HDD components segment, forecast from customers for VCM plates and air combs are expected to be lower. One of the air comb models is expected to be end-of-life in the next two quarters.*
- *Forecast sales for Forged and Machined segment is expected to be better due to higher customers’ demands.*
- *For the PMS components segment, forecast from customers is expected to be higher due to new projects which have started mass production.*

The Company’s independent auditors had examined the Prospects Statements in accordance with the Singapore Standards on Assurance Engagements applicable to the examination of prospective financial information (“**SSAE 3400**”) including the assumptions as set out in Appendix V on which the Prospects Statements are based. Based on their examination of the evidence supporting the assumptions, nothing has come to their attention to cause them to believe that these assumptions do not provide a reasonable basis for the Prospects Statements. Further, in their opinion, the Prospects Statements have been properly prepared on the basis of such assumptions and is consistent with the accounting policies normally adopted by the Group which are in accordance with Singapore Financial Reporting Standards (International).

We, as IFA, have examined the Prospects Statements and have discussed the key bases and assumptions underlying the Prospects Statements with the Management. We have also considered the letter addressed to the Company from the independent auditors in relation to their examination of the Prospects Statements. We are of the view that the Prospects Statements (for which the Directors are solely responsible) had been prepared by the Company after due and careful inquiry.

Shareholders may refer to the letters from the IFA and the Company’s independent auditors on the Prospects Statements as set out in Appendices III and IV to the Circular respectively.

¹ Based on the article written and published by Channel News Asia on 28 May 2021 in respect of the total lockdown to be implemented in Malaysia at <https://www.channelnewsasia.com/news/asia/malaysia-total-lockdown-jun-1-14-muhyiddin-covid-19-cases-record-14905394>

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9.2 Offeror's intention for the listing status of the Company

The Offeror has stated that its intention to make the Offer with a view to delisting and privatising the Company.

Under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

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

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

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

9.3 Compulsory acquisition

As stated in the Offer Document, pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**").

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer at the Cash Consideration of S\$0.285 for each Offer Share. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares.

Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

9.4 Likelihood of competing offers and Irrevocable Undertaking

The Management and Independent Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company.

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In addition, the Offeror and the Concert Group is the largest group of Shareholders with 78.7% shareholding interest in the Company as at the Latest Practicable Date and have irrevocably undertaken to, amongst others, to accept and/or procure the acceptance of the Offer in respect of all their Shares and elect to receive the New Offeror Shares Consideration as the Offer Consideration in respect of all the 232,180,600 Shares held by the Concert Group.

The Offer has not become or been declared unconditional in all respects as at the Latest Practicable Date. In the event that the Minimum Acceptance Condition is fulfilled and the Offer becomes unconditional in all respects, the Offeror and the Concert Group would have statutory control of the Company and exercise its right of Compulsory Acquisition and delist the Company from the SGX-ST.

9.5 Implications of holding shares in unlisted companies

Shareholders who accept the Offer and elect to receive the New Offeror Shares Consideration should note the following implications or consequences which may arise as a result of holding unlisted Offeror Shares assuming a successful privatisation by the Offeror:

- (i) As an unlisted company, the Offeror is not obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Offeror will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who accept the Offer and elect to receive the New Offeror Shares Consideration will be protected to the extent provided for by the Companies Act which includes, *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.

However, there will be limited information on the Offeror and its business on an ongoing basis as there is no requirement to seek shareholders' approvals for transactions that typically require shareholders' approval under the Listing Manual and shareholders will not enjoy the same level of corporate governance, protection, transparency and accountability that were afforded by the Listing Manual that were previously disclosed to Shareholders on the Group's business when the Company was listed on the SGX-ST.

- (ii) Shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (iii) It is likely to be difficult for shareholders to transfer or sell their Offeror Shares in the absence of a public market for the Offeror Shares as there is no liquidity arrangement for such shareholders to exit and realise potential returns on their investments in the Offeror Shares;
- (iv) The Concert Group will collectively hold a significant shareholding interest in the Offeror and their interests may differ from that of the other shareholders of the Offeror, which may limit the ability of such other shareholders to influence the outcome of decisions requiring the approval of shareholders, including the election of directors and the approval of significant corporate transactions. The risk of ownership concentration may also have an effect on the delaying, preventing or deterring a subsequent change in control of the Offeror which may otherwise benefit shareholders who elect to receive the New Offeror Shares;
- (v) The New Offeror Shares Consideration for each shareholder will be issued in scrip form and shareholders should note that there are costs relating to any transfer, change, or sale of the share certificates, including expenses for splitting share certificates, change in name of shareholder as well as the relevant duties; and
- (vi) The Offeror's ability to declare dividends is dependent on various factors, including restrictive covenants under the Bridging Loan and/or any additional debt financing with

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respect to dividends, its financial condition, results of its investments, capital needs and investment plans. Notwithstanding that the Offeror would be the immediate holding company of the Company, there is no assurance that the Offeror will distribute dividends on the same level as the Company has historically distributed, or distribute any dividend payments in the future at all.

10 OPINION

In arriving at our opinion in respect of the Offer, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Consideration:

- (i) The Cash Consideration of S\$0.285 is above the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Traded Day, which is between a low of S\$0.055 and a high of S\$0.159;
- (ii) The Cash Consideration represents premia of approximately 117.6%, 141.5%, 109.6%, 92.6% and 90.0% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;
- (iii) The Cash Consideration represents a premium of approximately 90.0% over the closing price of the Shares of S\$0.150 on the Last Traded Day;
- (iv) After the Offer Announcement Date up to and including the Latest Practicable Date, the Shares had traded slightly below or at the Cash Consideration and were last transacted at S\$0.285 on the Latest Practicable Date;
- (v) During the 2-year Lookback Period, the Shares were traded on around one-third of the days when the Company was open for trading on the SGX-ST and the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.04%, 0.04%, 0.04%, 0.02% and 0.01% of the free float of the Shares respectively. The absolute traded volume of the Shares was very thin which rendered the Shares illiquid for investors who wish to undertake transactions in larger quantities of Shares;
- (vi) Subsequent to the Offer Announcement Date up to and including the Latest Practicable Date, the trading liquidity of the Shares rose significantly to an average daily traded volume of approximately 312,000 Shares, representing approximately 0.49% of the Company's free float;
- (vii) Subsequent to the release of the Offer Announcement and up to the Latest Practicable Date, the Share prices increased significantly to outperform the rebased FSSTI, having increased by 90.0% as compared to the decrease of 5.4% in the rebased FSSTI over the same period. It appears likely that the market price of the Shares has been supported by the Offer subsequent to the release of the Offer Announcement. Shareholders should note that the Offer will not become or be capable of being declared unconditional until the Minimum Acceptance Condition is met. As such, there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;
- (viii) Based on the Group's NAV per Share of S\$0.2367 as at 28 February 2021, the Cash Consideration represents a premium of 20.4% over the NAV per Share and the P/NAV ratio of the Group as implied by the Cash Consideration is **1.20 times**;
- (ix) Further to the revaluation of the Group's assets, we note that the Cash Consideration of S\$0.285 per Share represents a P/RNAV ratio of **1.10 times**, that is the Cash

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Consideration represents a premium of approximately 10.2% over the RNAV per Share of S\$0.2587;

- (x) The Cash Consideration as adjusted for cash and cash equivalents of S\$0.1311 per Share, represents a premium of 45.7% over the Ex-cash NAV per Share, and a premium of 20.6% over the Ex-cash RNAV per Share;
- (xi) We note that for the 1-month, 3-month, 6-month, 1-year and 2-year periods prior to the trading halt and release of the Offer Announcement, the implied P/NAV of 1.20 times is above the average historical trailing P/NAV of the Shares of 0.64 times, 0.62 times, 0.58 times, 0.47 times and 0.49 times respectively;
- (xii) For the period after the Offer Announcement Date up to and including the Latest Practicable Date, the implied P/NAV of 1.20 times is above the average historical trailing P/NAV of the Shares of 1.15 times;
- (xiii) In respect of the Comparable Companies:
 - the EV/LTM EBITDA ratio of the Company of 13.2 times is within the range of the EV/LTM EBITDA ratios of the Comparable Companies and above the mean and median EV/LTM EBITDA ratios of 10.0 times and 9.4 times respectively; and
 - the implied P/NAV and P/RNAV ratios of the Company of 1.20 times and 1.10 times respectively are within the range of the P/NAV ratios of the Comparable Companies and are higher than the mean and median P/NAV ratios of 0.89 times and 0.98 times respectively.
- (xiv) In respect of the Precedent Privatisation Transactions:
 - the premium implied by the Cash Consideration over the last transacted price of 90.0% is within the range and higher than the mean and median premia of 36.5% and 27.3% respectively;
 - the premium implied by the Cash Consideration over the VWAP for the 1-month period of 90.0% is within the range and higher than the mean and median premia of 44.8% and 35.8% respectively;
 - the premium implied by the Cash Consideration over the VWAP for the 3-month period of 92.6% is within the range and higher than the mean and median premia of 47.0% and 34.0% respectively;
 - the premium implied by the Cash Consideration over the VWAP for the 6-month period of 109.6% is within the range and higher than the mean and median premia of 48.8% and 40.3% respectively; and
 - the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are within the range of P/NAV ratios of the Precedent Privatisation Transactions and higher than the mean and median P/NAV ratios of 1.09 times and 0.91 times respectively.
- (xv) In respect of the Precedent Acquisition Transactions:
 - the Company is loss-making and the P/E ratio is not meaningful. However, after taking into consideration the Company's normalised profit before taxation, net finance costs and depreciation and amortisation expenses, the Company has an EV/EBITDA ratio of 13.2 times, which is within the range of the Precedent Acquisition Transactions and higher than the mean and median EV/EBITDA ratios of 10.6 times and 9.1 times respectively; and

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- the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are within the range of P/NAV ratios of the Precedent Acquisition Transactions and higher than or equal to the median P/NAV ratio of 1.10 times;
- (xvi) The Cash Consideration of S\$0.285 per Offer Share is at the upper end of our estimated valuation range of the Shares of between S\$0.213 and S\$0.285;
- (xvii) We note that the STI ETF provides a a higher dividend yield as an alternative equity instrument, which suggests that Shareholders who accept the Offer may potentially experience an increase in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF;
- (xviii) We note that the Group is in an uncertain and challenging business environment arising from the COVID-19 pandemic and the global trade friction as commented by the Group in its unaudited financial results announcement for FY2021;
- (xix) The Offeror intends to make the Offer with a view to delisting and privatising the Company and in the event that the Free Float Requirement is not met, it does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement. If eligible, the Offeror intends to exercise its right of Compulsory Acquisition to compulsorily acquire all the Offer Shares not acquired under the Offer at the Cash Consideration of S\$0.285;
- (xx) As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company; and
- (xxi) The Concert Group has provided the Irrevocable Undertaking in favour of the Offeror to, *inter alia*, to accept and/or procure the acceptance of the Offer in respect of all their Shares and elect to receive the New Offeror Shares Consideration as the Offer Consideration in respect of the 232,180,600 Shares held by the Concert Group, representing 78.7% of the total Shares in the Company.

Factors against the Offer Consideration:

- (i) The Shares had generally performed above the rebased FSSTI between the period from May 2019 up to and including the Last Traded Day;
- (ii) For the period after the Offer Announcement Date up to and including the Latest Practicable Date, the implied P/RNAV of 1.10 times is below the average historical trailing P/NAV of the Shares of 1.15 times; and
- (iii) In respect of the Precedent Acquisition Transactions, the Company's implied P/NAV and P/RNAV ratios of 1.20 times and 1.10 times respectively are lower than the mean P/NAV ratio of 1.39 times.

Having considered the aforementioned factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are fair and reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Cash Consideration on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

Cash Consideration – Shareholders who wish to realise their entire investment in the Company with the certainty of value should either sell their Shares in the open market if they are able to obtain a price higher than the Cash Consideration after deducting brokerage costs or transaction costs in connection with open market transactions **OR** accept the Offer and elect to receive the Cash Consideration in respect of all their Shares.

New Offeror Shares Consideration – Shareholders who wish to remain invested in the growth and prospects of the Company and are prepared to bear the higher risk of holding shares in an

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

unlisted company (i.e. the Offeror) and are prepared to comply with and provide particulars and supporting documents as may be prescribed by know-your-client and The Accounting and Corporate Regulatory Authority regulations, should accept the Offer and elect to receive the New Offeror Shares Consideration. Shareholders should be aware of the outlook of the industry the Group operates in as elaborated in paragraph 9.1 of this letter.

We note that Shareholders may elect to receive the Cash Consideration or the New Offeror Shares Consideration. We make no recommendation as to whether Shareholders should elect to receive the Cash Consideration or the New Offeror Shares Consideration. However, Shareholders should be fully aware of the implications of holding shares in unlisted companies, as set out in paragraph 9.5 of this letter and Appendix 4 to the Offer Document.

We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

The Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion 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
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Chief Executive Officer and Executive Director

Wong Wei Fong
Director, Corporate Finance

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

1. DIRECTORS

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

<u>Name</u>	<u>Address</u>	<u>Designation in the Company</u>
Mr. Law Kung Ming	c/o 17 Tuas South Street 1, Singapore 638065	Executive Chairman and Chief Executive Officer
Ms. Law Yu Chui	c/o 17 Tuas South Street 1, Singapore 638065	Finance and Administrative Director
Dr. Chen Yuk Fu	c/o 17 Tuas South Street 1, Singapore 638065	Lead Independent Director
Mr. Lim Kian Wee Leonard	c/o 17 Tuas South Street 1, Singapore 638065	Independent Director
Mr. Ngu Kuang Hua	c/o 17 Tuas South Street 1, Singapore 638065	Independent Director

2. GENERAL INFORMATION

The Company is a company incorporated in Singapore on 6 September 1972 and was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 19 December 2002.

3. REGISTERED OFFICE

The registered office of the Company is at 17 Tuas South Street 1, Singapore 638065.

4. PRINCIPAL ACTIVITY OF THE COMPANY

The principal activities of the Company are in the manufacture and supply of high-precision engineering products to the hard disk drive (“HDD”), communications, electrical and electronics, semiconductor and automotive industries. The key businesses of the Group include the manufacture of HDD components which include voice coil motor plates and air combs, and precision metal stamping components which include sheet metal machined parts and computer numerical controlled machined parts. The Group has fully integrated manufacturing facilities in Johor and Penang, Malaysia; and Zhuhai, China and advanced in-house precision tool and die manufacturing capabilities.

5. SHARE CAPITAL

5.1 Issued share capital of the Company

The Company has only one (1) class of shares, being ordinary shares.

As at the Latest Practicable Date, based on the results of the electronic instant information search on the Company obtained from ACRA, the Company has an issued and paid-up share capital of S\$50,200,111.14 comprising 294,964,200 Shares (excluding 18,120,600 treasury shares).

The issued Shares are listed and quoted on the Mainboard of the SGX-ST.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

5.2 Rights of Shareholders in respect of capital, dividends and voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Company's Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in **Appendix VI** to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

5.3 Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 28 February 2021, being the end of the last financial year.

5.4 Options and Convertible Instruments

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

6. DISCLOSURE OF INTERESTS

6.1 Interests of the Group in the Offeror Securities

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries has any direct or deemed interest in any of the Offeror Securities.

6.2 Dealings by the Group in the Offeror Securities

Neither the Company nor any of its subsidiaries has dealt for value in any of the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

6.3 Interests of the Directors in the Offeror Securities

Save as disclosed below and in the Offer Document, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in any of the Offeror Securities.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$12.00 comprising 12 Offeror Shares, which is 25% owned equally by each of Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun and Mr. Christopher Law Tak Heem. Ms. Law Yu Chui and Mdm. Lee Hang Ngok are also the directors of the Offeror. Mr. Law Kung Ming is the brother of Ms. Law Yu Chui.

6.4 Dealings by the Directors in the Offeror Securities

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

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

6.5 Interests of the Directors in the Company Securities

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

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	Shareholding (%) ⁽¹⁾	No. of Shares	Shareholding (%) ⁽¹⁾	No. of Shares	Shareholding (%) ⁽¹⁾
Mr. Law Kung Ming	10,419,600	3.53	–	–	10,419,600	3.53
Ms. Law Yu Chui ⁽²⁾	10,419,600	3.53	191,347,100	64.87	201,766,700	68.40
Dr. Chen Yuk Fu	100,000	0.03	–	–	100,000	0.03
Mr. Lim Kian Wee Leonard	–	–	–	–	–	–
Mr. Ngu Kuang Hua	501,400	0.17	–	–	501,400	0.17

Notes:

- (1) Based on 294,964,200 Shares (excluding 18,120,600 treasury shares) in issue as at the Latest Practicable Date.
- (2) Ms. Law Yu Chui has a deemed interest in 191,347,100 Shares held by Nexsuss Holdings Pte. Ltd. (“NHPL”). NHPL is owned by Ms. Law Yu Chui, Mdm. Lee Hang Ngok, Mr. Law Tak Lun (who is the nephew of Ms. Law Yu Chui) and Mr. Christopher Law Tak Heem (who is the nephew of Ms. Law Yu Chui) in equal proportions.

6.6 Dealings in the Company Securities by the Directors

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

6.7 Interests of the IFA in the Company Securities

As at the Latest Practicable Date, the IFA and funds whose investments are managed by it on a discretionary basis do not own or control any of the Company Securities.

6.8 Dealings in the Company Securities by the IFA

The IFA and funds whose investments are managed by it on a discretionary basis have not dealt for value in any of the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

6.9 Directors' Intentions in relation to the Offer

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

- (a) As set out in the Offer Document, pursuant to the Irrevocable Undertaking, the Concert Group, which includes Mr. Law Kung Ming and Ms. Law Yu Chui, has undertaken, *inter alia*, to:
 - (i) accept and/or procure the acceptance of the Offer in respect of all their Shares and not withdraw such acceptance once it has been given;
 - (ii) in respect of all their Shares to be tendered in acceptance of the Offer, elect to receive the New Offeror Shares Consideration as the Offer Consideration for all their Shares;
 - (iii) not transfer or otherwise dispose of any of their Shares during the period commencing from the date of the Irrevocable Undertaking and ending on the Closing Date (as may be extended from time to time by or on behalf of the Offeror) or the date on which the Irrevocable Undertaking is terminated or ceases to be binding, whichever is the earlier; and
 - (iv) not acquire any further Shares;
- (b) Dr. Chen Yuk Fu has informed the Company that he intends to accept the Offer in respect of all the Shares held by him and to elect to receive the Cash Consideration as the Offer Consideration for all his Shares; and
- (c) Mr. Ngu Kuang Hua has informed the Company that he intends to accept the Offer in respect of all the Shares held by him and to elect to receive the Cash Consideration as the Offer Consideration for all his Shares.

Save as disclosed above, none of the Directors has any other direct or deemed interest in the Company Securities.

7. OTHER DISCLOSURES

7.1 Directors' service contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries which have more than twelve (12) months to run and which cannot be terminated by the employing company within the next twelve (12) months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months preceding the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

7.2 Arrangements affecting Directors

As at the Latest Practicable Date, save as disclosed in this Circular and/or in the Offer Document:

- (a) it is not proposed that any payment or other benefit shall be made or given to any Director, or any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), 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 during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET):

- (a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole; and
- (b) the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

10. SUMMARY OF FINANCIAL INFORMATION

10.1 Consolidated statement of comprehensive income

A summary of the audited consolidated statement of comprehensive income of the Group for FY2018, FY2019 and FY2020, as well as the unaudited consolidated statement of comprehensive income of the Group for FY2021 is set out below.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

The following summary should be read together with the annual reports, the audited consolidated financial statements of the Group for the relevant periods and the related notes thereto, and the unaudited consolidated financial results of the Group which are available on the website of the SGX-ST at www.sgx.com.

	Audited FY2018	Audited FY2019	Audited FY2020	Unaudited FY2021
Income Statement (S\$'000)				
Turnover	72,822	76,818	48,859	31,636
Cost of sales	(75,806)	(67,203)	(44,467)	(29,976)
Gross (loss)/profit	(2,984)	9,615	4,392	1,660
Other operating income	5,811	3,391	2,646	6,237
Distribution and selling expenses	(3,798)	(2,630)	(1,569)	(1,137)
General and administrative expenses	(13,414)	(17,421)	(8,596)	(5,036)
Other expense	(543)	–	–	–
Finance Costs	(635)	(363)	(234)	(100)
Share of results of associates	(120)	–	–	–
(Loss)/profit before taxation	(15,683)	(7,408)	(3,361)	1,624
Income tax expense	(1,075)	(1,539)	(1,705)	(4,561)
Loss for the year attributable to the owners of the Company	(16,758)	(8,947)	(5,066)	(2,937)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation (loss)/gain	(728)	(629)	673	(1,256)
Other comprehensive income for the year	(728)	(629)	673	(1,256)
Total comprehensive income for the year attributable to the owners of the Company	(17,486)	(9,576)	(4,393)	(4,193)
Loss per share (cents per share)				
Basic and diluted	(5.55)	(2.96)	(1.69)	(0.99)

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

10.2 Consolidated statement of financial position

A summary of the audited consolidated statement of financial position of the Group as at 28 February 2020 is set out below.

The following summary should be read together with the annual report for FY2020, the audited consolidated financial statements of the Group for FY2020, and the related notes thereto, which are available on the website of the SGX-ST at www.sgx.com.

	28 February 2020 (Audited)
Statement of Financial Position (S\$'000)	
ASSETS	
Non-current assets	
Property, plant and equipment	40,632
Investment properties	1,113
Deferred tax assets	1
	41,746
Current assets	
Inventories	5,616
Trade receivables	8,284
Other receivables	937
Other current assets	532
Cash and bank balances	30,371
	45,740
Assets held for sale	3,566
	49,306
Total assets	91,052
EQUITIES AND LIABILITIES	
Current liabilities	
Trade payables	4,198
Other payables	3,024
Lease liabilities	2
Interest-bearing loans and borrowings	1,821
Income tax payable	277
	9,322

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

	28 February 2020 (Audited)
Liabilities directly associated with the assets held for sale	858
	10,180
Net current assets	39,126
Non-current liabilities	
Lease liabilities	243
Deferred tax liabilities	4,802
	5,045
Total liabilities	15,225
NET ASSETS	75,827
Equity attributable to owners of the Company	
Share capital	50,200
Treasury shares	(2,587)
Revenue reserve	32,361
Statutory reserve	1,219
Foreign currency translation reserve	(5,366)
Total equity	75,827
Total equity and liabilities	91,052

10.3 Valuation of properties

The Company had commissioned the following valuers to carry out an independent valuation of the Subject Properties as set out below. Such valuations have been included as part of the IFA's consideration in the IFA Letter.

Independent valuer (collectively, the "Valuers")	Subject property (collectively, the "Subject Properties")	Valuation under the respective valuation certificates/report
Savills Valuation and Professional Services (S) Pte Ltd	17 Tuas South Street 1, Singapore 638065	S\$2,900,000

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

Independent valuer (collectively, the “Valuers”)	Subject property (collectively, the “Subject Properties”)	Valuation under the respective valuation certificates/report
MacReal International (Penang) Sdn Bhd	Factory No. 1059 Lorong Perusahaan Maju 2 Kawasan Perusahaan Perai 13600 Perai, Penang Malaysia	RM14,200,000
	Factory No. 1065 Lorong Perusahaan Maju 2 Kawasan Perusahaan Perai 13600 Perai, Penang Malaysia	RM8,200,000
MacReal International (JB) Sdn Bhd	PLO 107, Jalan Cyber 5 Kawasan Perindustrian Senai 3 81400 Senai, Johor Darul Ta’zim Malaysia	RM3,440,000
	PLO 108, Jalan Cyber 5 Kawasan Perindustrian Senai 3 81400 Senai, Johor Darul Ta’zim Malaysia	RM3,490,000
	PLO 170, Jalan Cyber 5 Kawasan Perindustrian Senai 3 81400 Senai, Johor Darul Ta’zim Malaysia	RM3,230,000
D&P China (HK) Limited	No. 163 Zhufeng Avenue Jingan Town, Doumen District Zhuhai City, Guangdong Province, People’s Republic of China	RMB64,600,000

The valuation certificates/report relating to the Subject Properties are reproduced in **Appendix VII** to this Circular. The basis of valuation of each Subject Property is set out in the respective valuation certificates/report.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation. The potential tax liabilities which may be incurred by the Group on the hypothetical disposal of the Subject Properties based on the valuations carried out by the Valuers will amount to approximately S\$0.6 million. The aforesaid tax liabilities are not likely to crystallise as the Group has no intention to sell the Subject Properties as at the Latest Practicable Date.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

10.4 Statement of Prospects

The following statements (“**Statement of Prospects**”) were made by the Directors in paragraph 10 of the Company’s announcement dated 26 April 2021 in relation to the Group’s unaudited financial results for the financial year ended 28 February 2021 (“**FY2021 Financial Results**”):

“For the HDD components segment, forecast from customers for VCM plates and air combs are expected to be lower. One of the air comb models is expected to be end-of-life in the next two quarters.

Forecast sales for Forged and Machined segment is expected to be better due to higher customers’ demands.

For the PMS components segment, forecast from customers is expected to be higher due to new projects which have started mass production.”

Shareholders should note that the bases and assumptions for the Statement of Prospects are set out in **Appendix V** to this Circular. The IFA and Independent Auditors have each issued their letter in relation to the Statement of Prospects, as set out in **Appendices III and V** to this Circular, respectively. Shareholders are urged to read **Appendices III, IV and V** to this Circular carefully.

10.5 Significant accounting policies

The audited consolidated financial statements of the Group for FY2020 have been prepared in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards (International). The significant accounting policies of the Group are disclosed in note 2 of the audited consolidated financial statements of the Group for FY2020. Copies of the annual report of the Company for FY2020 are available on the SGX-ST website at www.sgx.com and available for inspection at the registered office of the Company at 17 Tuas South Street 1, Singapore 638065 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed in this Circular and/or publicly available information on the Group (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), there were no significant accounting policies or any points from the notes to the financial statements of the Company which are of major relevance for the interpretation of the accounts.

10.6 Changes in accounting policies

As at the Latest Practicable Date, save as disclosed in publicly available information on the Group (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), there has been no change in the accounting policies of the Company which will cause the figures in the financial statements of the Company as set out in this Circular to be not comparable to a material extent.

APPENDIX II – ADDITIONAL GENERAL INFORMATION ON THE GROUP

10.7 Material changes in financial position

Save as disclosed in this Circular and/or in publicly available information on the Group (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), as at the Latest Practicable Date, there are no known material changes in the financial position of the Company since 28 February 2020, being the date to which the last published audited financial statements of the Company were made up.

11. GENERAL INFORMATION

11.1 Costs and expenses

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

11.2 Consents

- (a) The IFA has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the reproduction of the IFA Letter in **Appendix I** to this Circular and the letter from the IFA dated 8 June 2021 in relation to the Statement of Prospects in **Appendix III** to this Circular, and all references thereto in the form and context in which they appear in this Circular.
- (b) The Independent Auditors have given and have not withdrawn their written consent to the issue of this Circular, with the inclusion herein of their name, the reproduction of letter from the Independent Auditors dated 8 June 2021 in relation to the Statement of Prospects in **Appendix IV** to this Circular, and all references thereto in the form and context in which they appear in this Circular.
- (c) Savills Valuation and Professional Services (S) Pte Ltd has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the reproduction of its valuation certificate which is set out in **Appendix VII** to this Circular, and all references thereto in the form and context in which they appear in this Circular.
- (d) MacReal International (Penang) Sdn Bhd has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the reproduction of its valuation certificate which is set out in **Appendix VII** to this Circular, and all references thereto in the form and context in which they appear in this Circular.
- (e) MacReal International (JB) Sdn Bhd has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the reproduction of its valuation certificate which is set out in **Appendix VII** to this Circular, and all references thereto in the form and context in which they appear in this Circular.
- (f) D&P China (HK) Limited has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the reproduction of its valuation certificate and report which are set out in **Appendix VII** to this Circular, and all references thereto in the form and context in which they appear in this Circular.

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APPENDIX III – LETTER FROM THE IFA IN RELATION TO THE STATEMENT OF PROSPECTS

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

8 June 2021

The Board of Directors of
Cheung Woh Technologies Ltd
17 Tuas South Street 1
Singapore 638065

Dear Sirs,

CHEUNG WOH TECHNOLOGIES LTD (THE “COMPANY”)

IFA’S LETTER ON PROSPECTS STATEMENTS MADE BY THE COMPANY BEFORE THE OFFER PERIOD

On 6 May 2021, Maybank Kim Eng Securities Pte. Ltd. announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional offer (the “**Offer**”) to acquire all the issued and paid-up ordinary shares in the capital of the Company (“**Shares**”) other than those already held by the Company as treasury shares and those already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer.

Before the commencement of the Offer period on 25 May 2021, we note that the Company had made the following statements in its unaudited financial results announcement for FY2021 released on 26 April 2021 (“**FY2021 Results Announcement**”) which are deemed as statements of prospects under Rule 25 of the Singapore Code on Take-overs and Mergers (the “**Prospects Statements**”) with regard to any known factors or events that may affect the Company and its subsidiaries (the “**Group**”) in the next reporting period and the next 12 months. These Prospects Statements have been replicated below in italics from the FY2021 Results Announcement:

“For the HDD components segment, forecast from customers for VCM plates and air combs are expected to be lower. One of the air comb models is expected to be end-of-life in the next two quarters.

Forecast sales for Forged and Machined segment is expected to be better due to higher customers’ demands.

For the PMS components segment, forecast from customers is expected to be higher due to new projects which have started mass production.”

Shareholders may wish to refer to the FY2021 Results Announcement for the full context of the Prospects Statements.

This letter has been prepared for inclusion in the circular dated 8 June 2021 issued by the Company to Shareholders issued in connection with the Offer (the “**Circular**”) and we have given and have not withdrawn our consent to the inclusion therein of our name and this letter dated 8 June 2021.

We have examined the Prospects Statements and have discussed the key bases and assumptions underlying the Prospects Statements as set out in Appendix V to the Circular with the management of the Company. We have also considered the independent auditor’s letter dated 2 June 2021 by Ernst & Young LLP (the Company’s auditors) as set out in Appendix IV to the Circular on their examination of the Prospects Statements.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us by the Company. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness

APPENDIX III – LETTER FROM THE IFA IN RELATION TO THE STATEMENT OF PROSPECTS

or adequacy of such information. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information. Save as provided in this letter, we do not express any other opinions or views on the Prospects Statements and the Directors remain solely responsible for the Prospects Statements.

Based on the above, we are of the view that the Prospects Statements (for which the Directors are solely responsible) had been prepared by the Company after due and careful enquiry.

This letter is provided to the Board of Directors of the Company solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the Board of Directors of the Company in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Chief Executive Officer and Executive Director

Wong Wei Fong
Director, Corporate Finance

APPENDIX IV – LETTER FROM THE INDEPENDENT AUDITORS IN RELATION TO THE STATEMENT OF PROSPECTS



Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Mailing Address:
Robinson Road
PO Box 384
Singapore 900734

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ey.com

ASU-TMT/11718717/YHC

2 June 2021

The Board of Directors
Cheung Woh Technologies Ltd
No. 17, Tuas South Street 1,
Singapore 638065

Attention: Ms. Law Yuchui

Independent auditor's letter on the Statements of Prospects of Cheung Woh Technologies Ltd

Dear Sirs:

This letter is prepared for the purposes of Rule 25.3 of the Singapore Code on Take-overs and Mergers (the "Code") in connection with the offeree circular ("Offeree Circular") despatched by Cheung Woh Technologies Ltd (the "Company") in relation to the voluntary conditional offer ("Offer") to acquire all the issued and paid-up ordinary shares in the capital of the Company in accordance with Rule 15 of the Code.

The letter has been prepared for inclusion in the Offeree Circular.

We have examined the Statements of Prospects, relating to the revenue forecast of the Company and its subsidiaries (the "Group"), set out as follows:

Extracted from Section 10 of the full year results announcement for the financial year ended 28 February 2021, dated 26 April 2021

"For the HDD components segment, forecast from customers for VCM plates and air combs are expected to be lower. One of the air comb models is expected to be end-of-life in the next two quarters.

Forecast sales for Forged and Machined segment is expected to be better due to higher customers' demands.

For the PMS components segment, forecast from customers is expected to be higher due to new projects which have started mass production."

("Statements of Prospects")

We have examined the Statements of Prospects in accordance with the Singapore Standards on Assurance Engagements applicable to the examination of prospective financial information ("SSAE 3400") including the assumptions set out in Appendix V on which it is based.

APPENDIX IV – LETTER FROM THE INDEPENDENT AUDITORS IN RELATION TO THE STATEMENT OF PROSPECTS



Cheung Woh Technologies Ltd
2 June 2021
Page 2

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Statements of Prospects. Further, in our opinion, the Statements of Prospects are properly prepared on the basis of the assumptions and is consistent with the accounting policies normally adopted by the Group which are in accordance with Singapore Financial Reporting Standards (International).

Actual results are likely to be different from the Statements of Prospects since anticipated events frequently do not occur as expected and the variation may be material.

This letter is not to be used for any other purpose and shall not be distributed to any other parties, save that the Company may append this letter to the Offeree Circular which it will issue to its shareholders in connection with the Offer made by the Offeror for the Company.

Yours faithfully,

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

APPENDIX V – STATEMENT OF PROSPECTS

The following Statement of Prospects was made by the Directors in paragraph 10 of the Company's announcement dated 26 April 2021 in relation to the Group's unaudited financial results for the financial year ended 28 February 2021 ("**FY2021 Financial Results**"):

"For the HDD components segment, forecast from customers for VCM plates and air combs are expected to be lower. One of the air comb models is expected to be end-of-life in the next two quarters.

Forecast sales for Forged and Machined segment is expected to be better due to higher customers' demands.

For the PMS components segment, forecast from customers is expected to be higher due to new projects which have started mass production."

The Statement of Prospects was not made in conjunction with the Offer.

The Directors have not issued a profit forecast for the Group for FY2021 in connection with the Offer. Accordingly, the Statement of Prospects should not be regarded as a forecast of the Group for FY2021.

The Statement of Prospects, for which the Directors are solely responsible, was made on bases consistent with the accounting policies normally adopted by the Group. It was not made in connection with the Offer and was based on the following assumptions and/or information available as of 26 April 2021, being the date on which the Statement of Prospects was made:

- (a) There will be no material changes in the existing political, regulatory, or legal conditions affecting the activities of the Group, the industry and the countries in which the Group operates.
- (b) There will be no material changes in the principal activities and organisational structure of the Group or in its principal sources of revenue.
- (c) There will be no change to the forecast given by customers in March 2021.
- (d) There will be no unexpected termination of sales contracts.
- (e) There will be no material changes to the relationships the Group has with customers which may affect the Group's sales.
- (f) There will be no material operational disruptions arising from any prolonged delays from any suppliers, contractors, sub-contractors or customers.
- (g) There will be no material changes in the bases or rates of taxation and government levies from those prevailing and which may affect the Group's sales.
- (h) There will be no change to selling price and exchange rates used throughout the forecast period.
- (i) There will be no material effect on the Group arising from any changes in the economic and financial positions of the Group, its suppliers, contractors, sub-contractors and customers.

APPENDIX V – STATEMENT OF PROSPECTS

- (j) There will be no material adverse change in the operating cost structure of the Group, including the cost of materials and supplies, labour and all other cost required for the business and cost which the Group has committed to.
- (k) There will be no material changes in the Group's key management personnel and workforce which may affect the Group's business and operations.
- (l) There will be no material changes in the accounting policies of the Group.
- (m) Save for the COVID-19 pandemic, there will be no pandemic diseases, natural disasters, acts of God and/or civil unrests that would have a material impact to the Group's business and operating activities.
- (n) In respect of the COVID-19 pandemic, there will be no further changes in the competitive environment in which the Group operates in.

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are reproduced in italics below.

All capitalised terms used in the extracts below shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at the registered office of the Company at 17 Tuas South Street 1, Singapore 638065 during normal business hours for the period during which the Offer remains open for acceptance.

(A) RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

SHARES

5. *Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting, but, subject thereto and to these Articles relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) and at a premium or otherwise and at such times as the Directors determine Provided Always that:—*
- Shares under control of Company in General Meeting.*
- (a) *no shares may be issued at a discount except in accordance with the Statutes; and*
- (b) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*
- 6(1). *The Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting Provided Always that no shares may be issued to transfer a controlling interest without prior approval of the Company in General Meeting.*
- Authority of Directors to issue shares.*
- 6(2). *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors, may at any time after the allotment of any share but before any person has been entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in the Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

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| 7. | <i>Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine Provided Always that the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares for the time being.</i> | <i>Company may issue shares with preferred, qualified, deferred and other special rights.</i> |
| 8. | <i>The Company shall have the power to issue further preference capital ranking equally with or in priority to the preference capital then already issued.</i> | <i>Issue of further preference shares.</i> |
| 9. | <i>Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.</i> | <i>Alteration of rights of preference shareholders.</i> |
| 10. | <i>Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.</i> | <i>Rights of preference shareholders.</i> |
| 11. | <i>If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative.</i> | <i>Instalments of shares.</i> |

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

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| 12. | <i>The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in the capital of the Company, provided that such commission shall not exceed ten per cent of the price at which the shares are issued.</i> | <i>Commission for subscribing.</i> |
| 13(1). | <i>The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.</i> | <i>Joint holders.</i> |
| 13(2). | <i>Subject to Article 13(1), any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.</i> | |
| 13(3). | <i>The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.</i> | |
| 14. | <i>No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the person (other than the depository) entered in the Register as the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where these Articles otherwise provide or as required by the Statutes or pursuant to any order of Court.</i> | <i>No trusts recognised.</i> |
| 15. | <i>No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him.</i> | <i>Exercise of rights of Members.</i> |
| 16. | <i>No part of the funds of the Company shall be employed by the Directors or the Company in the acquisition of shares in the Company or in lending on the security of shares in the Company unless permitted by the Statutes.</i> | <i>Company not to deal with its own shares.</i> |

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

TRANSFER OF SHARES

40. *Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book- entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.* *Shares to be transferable.*
41. *The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.* *Instrument of transfer.*
42. *Shares of different classes shall not be comprised in the same instrument of transfer.* *Only shares of the same class to be in same instrument.*
43. *No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.* *Restriction on transfer.*
- 44(1). *All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.* *Retention of Instrument of transfer and disposal of documents.*
- 44(2). *The Company shall be entitled to destroy:–*
- (a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof;*
 - (b) all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof; and*
 - (c) All share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof.*
- 44(3). *It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:*
- (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

(b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and

(c) every other document hereinbefore mentioned so destroyed was a valid and effective document;

in accordance with the recorded particulars thereof in the books or records of the Company.

44(4). Articles 44(2) and 44(3) shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.

44(5). Nothing contained in this Article 44 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstance which would not attach to the Company in the absence of this Article 44, and references in this Article 44 to the destruction of any document include references to the disposal thereof in any manner.

45. The Directors may decline to accept any instrument of transfer unless:

Fees relating to transfers

(a) all or any part of the stamp duty (if any) payable on each share transfer and such fee not exceeding two Singapore Dollars for each transfer or such other sum as may from time to time be prescribed by the Exchange is paid to the Company; and

(b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.

46. The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:—

Power of Directors to refuse to register.

(a) which are not fully paid up; or

(b) on which the Company has a lien.

47. If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal.

Notice of refusal to be sent by Company.

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

48. *The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.* *Closure of Register*

PURCHASE OF OWN SHARES

52. *Subject to and in accordance with the provisions of the Act, the Company may purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares repurchased by the Company shall be cancelled.* *Company may purchase its own shares*

STOCK

53. *The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.* *Conversion of shares to stock.*
54. *When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum amount of stock transferable Provided Always that such minimum shall not exceed the nominal amount of the shares from which the stock arose.* *Stockholders entitled to transfer interest.*
55. *The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantages, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.* *Stockholders entitled to profits.*
56. *All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words “shares” shall include “stock”, and “Depositor”, “Member” and “shareholder” shall include “stockholder”.* *Definitions.*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

INCREASE OF CAPITAL

57. *The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct.* *Power to increase capital.*
- 58(1). *Unless otherwise determined by the Company in General Meeting or except as permitted under the Exchange’s listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled.* *Issue of new shares to Members.*
- 58(2). *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 in the manner hereinbefore provided.* *Notice of issue.*
59. *Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.* *New capital considered part of original capital.*

ALTERATION OF CAPITAL

- 60(1). *The Company may by Ordinary Resolution:*
- (a) *consolidate and divide its capital into shares of larger amount than its existing shares; or* *Alteration of Capital.*
- (b) *cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

(c) *by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or*

(d) *subject to the Statutes, convert any class of shares into any other class of shares.*

60(2). *The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any requirement authorised and consent required by law.*

MODIFICATION OF CLASS RIGHTS

61. *Subject to the Statutes and save as provided by these Articles, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one-third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of Companies.*

Modification of class rights.

(B) RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

DIVIDENDS

135. *The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.*

Appropriation of profits.

136. *The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.*

Declaration of Dividend.

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137.	<i>No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.</i>	<i>Dividend payable out of profits.</i>
138.	<i>The declaration of the Directors as to the net profits of the Company shall be conclusive.</i>	<i>Declaration conclusive.</i>
139.	<i>The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.</i>	<i>Interim dividend.</i>
140.	<i>The Directors may retain any dividends 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.</i>	<i>Debts may be deducted.</i>
141.	<i>A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor’s name in the Depository Register, as the case may be.</i>	<i>Effect of transfer.</i>
142.	<i>Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any 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 upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.</i>	<i>Dividend in Specie.</i>
143.	<i>The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.</i>	<i>Power to retain dividends.</i>
144.	<i>In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the</i>	<i>Payment to and receipt by joint holders.</i>

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145. *Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effective receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.* Notice of dividend.
146. *Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.* Payment by post.
147. *Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.* Unclaimed dividends.

CAPITALISATION OF PROFITS AND RESERVES

- 148(1). *The Company in General Meeting may at any time and from time to time pass a resolution that any sum not required for the payment or provision of any fixed preferential dividend and (1), for the time being standing to the credit of any reserve of the Company, including premiums received on the issue of any shares or debentures of the Company, or (2) being undivided net profits in the hands of the Company, be capitalised, and that such sum be appropriated as capital to and amongst the ordinary shareholders in the proportions in which they would have been entitled thereto if the same had been distributed by way of dividend on the ordinary shares, and in such manner as the resolution may direct.* Capitalisation of profits and reserves.

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148(2). *The Directors shall in accordance with such resolution apply such sum in paying up in full any unissued shares or debentures of the Company on behalf of the ordinary shareholders aforesaid, and appropriate such shares or debentures and distribute the same credited as fully paid up to and among such shareholders in the proportions aforesaid, or shall apply such sum or any part thereof on behalf of the shareholders aforesaid in paying up the whole or part of any uncalled balance which shall for the time being be unpaid in respect of any issued ordinary shares held by such shareholders or otherwise deal with such sums as directed by such resolution.*

148(3). *Where any difficulty arises in respect of any such distribution, the Directors may settle the same as they think expedient, and in particular they may issue fractional certificates, fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any shareholders on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trust for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors.*

RESERVE FUND

149. *The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company.*

*Formation and
object of
Reserve Fund.*

(C) RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

66. *In addition to any other meetings, a General Meeting shall be held once at least in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.*

*General
Meetings.*

67. *The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.*

*Annual
General
Meetings.*

68. *The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.*

*First Annual
General
Meetings.*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

69. *The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes.* *Directors may call Extraordinary General Meetings.*
70. *The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:–* *Extraordinary General Meetings called on requisition of shareholders.*
- (a) *The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.*
- (b) *If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.*
- (c) *In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.*
- (d) *Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.*
71. *Subject to the Statutes relating to the convening of meetings to pass Special Resolutions and agreements for shorter notice, at least fourteen clear days’ notice in writing specifying the place, day and hour of the meeting, and in case of special business, a notice in writing setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members and the Exchange other than such as are not entitled under these Articles to receive such notices from the Company. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen clear days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days’ notice in writing of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.* *Notice of meeting.*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

72. *Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days.* *Members may submit resolution to meeting on giving notice to Company.*
73. *Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed.* *Secretary to give notice to Members.*
74. *The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting.* *Accidental omission to give notice.*

PROCEEDINGS AT GENERAL MEETINGS

75. *All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the remuneration of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors.* *Special Business.*
76. *Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91.* *Quorum.*
77. *If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum.* *If quorum not present.*
78. *The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.* *Chairman.*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

79. *The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.* Adjournment.
80. *At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:–* How matters are to be decided.
- (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) *a Member or Members present in person or by proxy, holding or representing, as the case may be:–*
- (i) *not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or*
- (ii) *shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.*
- 81(1). *If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.* Chairman's direction as to poll.
- 81(2). *No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.*
82. *Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.* Declaration of Chairman conclusive.
- 83(1). *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, 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 meeting whose decision shall be final and conclusive.* Objection to admissibility.

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83(2). *If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.*

84. *In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.*

In the event of equality of votes

VOTES OF MEMBERS

85(1). *Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:–*

Voting rights.

(a) *every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman to decide which proxy shall be entitled to vote where a Member is represented by two proxies; and*

(b) *every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.*

85(2). *For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.*

86. *In the case of joint holders 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 or the Depository Register, as the case may be.*

Right of joint holders.

87. *Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.*

Members only entitled to vote upon full payment.

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

88. *A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.* *Votes of Members of unsound mind.*
89. *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.* *Vote personal or by proxy.*
- 90(1). *A proxy need not be a Member.* *Proxies.*
- 90(2). *A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where 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 the Cut-Off Time as certified by the Depository to the Company;*
 - (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 against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and*
 - (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- 90(3). *In any case where a 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. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company’s option to treat the instrument of proxy as invalid.*
91. *Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.* *Corporation may appoint representative.*

APPENDIX VI – SELECTED TEXTS FROM THE COMPANY’S CONSTITUTION

92. *An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:*
- Execution of instrument of proxy on behalf of appointor.*
- (1) *in the case of an individual shall be signed by the appointor or his attorney;*
- (2) *in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.*
93. *Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.*
- Lodgment of instrument appointing proxy.*
94. *The signature on an instrument of proxy need not be witnessed.*
- No witness needed for instrument of proxy.*
95. *A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office two hour at least before the time fixed for holding the meeting.*
- When vote by proxy valid though authority revoked.*
96. *An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.*
- Instrument deemed to confer authority.*
97. *Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.*
- Voting in respect of shares of different monetary denominations.*

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APPENDIX VII – VALUATION CERTIFICATES AND REPORT

Valuation Certificate

savills

Address of Property	17 Tuas South Street 1, Singapore 638065
Client	Cheung Woh Technologies Ltd
Purpose of Valuation	For purpose in connection with the general offer by Woh Seng Holdings Pte. Ltd. for the shares of Cheung Woh Technologies Ltd
Legal Description	Lot 2938T Mukim 7
Tenure	Leasehold for 30+30 years commencing on 1 June 1997 (balance un-expired interest of about 36 years).
Registered Lessee	Cheung Woh Technologies Ltd
Brief Description	The subject property is located on the eastern side of Tuas South Street 1, which straddle between Tuas South Street 2 and Tuas South Avenue 6 and approximately 31 km from the City Centre. It comprises a JTC Standard Type 'T8' single-storey intermediate terrace factory with a mezzanine floor. The property is within easy access to the Tuas Viaduct and Pan Island/ Ayer Rajah Expressways, The Tuas Checkpoint and Second Link to Malaysia is situated within about 10 minutes' driving distance. We understand that the subject property was completed circa 1997. It appeared to be in average condition as at the time of our inspection.
Site Area	1,422.6 sm according to the Certificate of Title
Floor Area	Approximately 979.20 sm, as provided
Tenancy Brief	We understand that a part of the 1st storey production area is let to YWSA Services Pte Ltd while the rest of the property including the other part of the 1st storey and the whole of the mezzanine floor is owner-occupied.
Annual Value	\$134,000
Master Plan (2019)	Zoned "Business 2" with gross plot ratio of 1.4
Land Rent	\$18,443.40 per annum (excluding GST)
Permitted Use	For the manufacture of fine blanking parts only except with the prior consent in writing of the Lessor
Basis of Valuation	As-Is basis and subject to vacant possession
Valuation Approach	Direct Comparison Method
Date of Valuation	25 May 2021
Rate of Floor Area	\$2,962 psm
Recommended Market Value	\$2,900,000
	(Singapore Dollars Two Million And Nine Hundred Thousand Only)
Assumptions, Disclaimers, Limitations & Qualifications	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein. With the outbreak of the Coronavirus Disease 2019 (COVID-19) and the prevailing uncertainty in the global economy, it is difficult to predict the future impact that COVID-19 might have on the real estate market. In view of the foregoing, our opinions and assessments are based on the information provided and prevailing market data as at the date of this valuation report.
Prepared by	 Goh Seow Leng Licensed Appraiser No. AD041-2003809B  Liaw Hin Sai Licensed Appraiser No. AD041-2007108I Savills Valuation And Professional Services (S) Pte Ltd

This valuation is exclusive of Goods and Services Tax.

To any party relying on this report we advise that this certificate must be read in conjunction with the full valuation report. This valuation certificate should not be relied upon in isolation for any other purposes.

LHS/GSL/pt

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

LIMITING CONDITIONS



Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation certificate.

Valuation Standards:	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
Valuation Basis:	The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation certificate. The opinion expressed in the valuation certificate applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.
Currency of Valuation:	Values are reported in Singapore currency unless otherwise stated.
Confidentiality:	Our valuation is confidential and strictly for the use of the addressee of the valuation certificate only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
Copyright:	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
Limitation of Liability:	The liability of Savills and its employees is only limited to the party to whom the valuation certificate is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted. Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).
Validity Period:	This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
Titles:	A brief on-line title search on the property has been carried out for formal valuation with site inspection only, unless otherwise stated. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
Planning Information:	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation certificate and/or property is affected by public scheme(s), this certificate should then be referred back to Savills for review on possible amendment.
Other Statutory Regulations:	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
Site Condition:	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.
Condition of Property:	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
Source of Information:	Where it is stated in the valuation certificate that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the certificate, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
Floor Areas:	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
Plans:	Plans included in the valuation certificate are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
Tenant:	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
Reinstatement Cost:	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the reinstatement cost be sought from a qualified quantity surveyor, if considered appropriate.
Attendance in Court:	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation certificate or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

APPENDIX VII – VALUATION CERTIFICATES AND REPORT



MacReal International (Penang) Sdn. Bhd. (Co. No: 1098594-U)

PENANG OFFICE :

Address : A-1-11, Sunway Business Park, Jalan Todak 4, Pusat Bandar Seberang Jaya, 13700 Perai, Penang.
Telephone : +604-3700 015 Facsimile : +604-3700 018 Email: pgbranch@macrealinternational.com

VE (1) 0220/2



VALUATION CERTIFICATE

1.	Our Reference	:	MAC/PG/V.14170.21/has
2.	Client	:	Cheung Woh Technologies (Malaysia) Sdn Bhd
3.	Purpose of Valuation	:	For submission to the Singapore Stock Exchange in connection with general offer for Cheung Woh Technologies Ltd.
4.	Date of Valuation	:	7 th April 2021
5.	Date of Inspection	:	7 th April 2021
6.	Property Address	:	Factory No. 1059, Lorong Perusahaan Maju 2, Kawasan Perusahaan Perai, 13600 Perai, Penang
7.	Basis of Valuation	:	Market Value on existing use basis/ "as is" basis MARKET VALUE is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.
8.	Gross Floor Area (GFA)	:	10,578.69 square metres (113,868 square feet)
9.	Land Area	:	11,183 square metres
10.	Occupancy Status	:	Subject property is presently owner occupied
11.	Property Condition	:	Good state of repair and condition
12.	Particulars of Title	:	Lot 3139, PN 5983, Mukim 06, District of Seberang Perai Tengah, State of Penang
13.	Brief Description	:	The subject property is located about 6.0 kilometres due south-east of Perai town. It is a parcel of leasehold industrial land built-upon with a single-storey individual-designed detached factory annexed with 2-storey office block and other ancillary buildings.
14.	Tenure	:	60 years leasehold interest expiring on 15 th October 2051 (Balance of about 30 years as at 7 th April 2021)
15.	Encumbrances	:	Charged to MALAYAN BANKING BERHAD vide Presentation Nos.: i) 0799SC1992009404 dated 2 June 1992 ii) 0799SC1995001955 dated 17 February 1995
16.	Endorsement/ Lease	:	Lease part of land to TENAGA NASIONAL BERHAD for a period of 30 years from 2 March 1993 until 1 March 2023 vide Presentation No. 0799SC1993013505 dated 13 September 1993
17.	Valuation Methodology	:	Cost method and income method
18.	Registered Proprietor	:	Lambda Industries Sdn. Bhd. – Full share
19.	Market Value	:	RM14,200,000/- (Ringgit Malaysia: Fourteen Million and Two Hundred Thousand only).
20.	Rate (of GFA)	:	RM124.71/- psf
Prepared By		:	For and on behalf of MACREAL INTERNATIONAL (PENANG) SDN BHD  Sr. Ooi Boon Leong Registered Valuer (V-801)

THIS SECTION SHOULD BE READ TOGETHER WITH OUR REPORT DATED 7TH APRIL 2021

APPENDIX VII – VALUATION CERTIFICATES AND REPORT



MacReal International (Penang) Sdn. Bhd. (Co. No: 1098594-U)

PENANG OFFICE :

Address : A-1-11, Sunway Business Park, Jalan Todak 4, Pusat Bandar Seberang Jaya, 13700 Perai, Penang.
Telephone : +604-3700 015 Facsimile : +604-3700 018 Email: pgbranch@macrealinternational.com

VE (1) 0220/2



VALUATION CERTIFICATE

1.	Our Reference	:	MAC/PG/V.14171.21/has
2.	Client	:	Cheung Woh Technologies (Malaysia) Sdn Bhd
3.	Purpose of Valuation	:	For submission to the Singapore Stock Exchange in connection with general offer for Cheung Woh Technologies Ltd.
4.	Date of Valuation	:	7 th April 2021
5.	Date of Inspection	:	7 th April 2021
6.	Property Address	:	Factory No. 1065, Lorong Perusahaan Maju 2, Kawasan Perusahaan Perai, 13600 Perai, Penang
7.	Basis of Valuation	:	Market Value on existing use basic/ "as is" basis MARKET VALUE is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.
8.	Gross Floor Area (GFA)	:	7,642.49 square metres (82,263 square feet)
9.	Land Area	:	7,459 square metres
10.	Occupancy Status	:	Subject property is presently owner occupied
11.	Property Condition	:	Fair state of repair and condition
12.	Particulars of Title	:	Lot 3144, PN 2529, Mukim 06, District of Seberang Perai Tengah, State of Penang
13.	Brief Description	:	The subject property is located about 6.0 kilometres due south-east of Perai town. It is a parcel of leasehold industrial land built-upon with one unit of single-storey individual-designed detached factory annexed with 2-storey office block, another unit of single-storey individual-designed detached factory and other ancillary buildings.
14.	Tenure	:	60 years leasehold interest expiring on 11 th May 2052 (Balance of about 31 years as at 7 th April 2021)
15.	Encumbrance	:	Charged to CIMB Bank Berhad vide Presentation No. 0799SC2016028125 dated 26 th September 2016.
16.	Endorsement/ Caveat	:	Nil.
17.	Valuation Methodology	:	Cost method and income method
18.	Registered Proprietor	:	Cheung Woh Technologies (Malaysia) Sdn Bhd - Full share
19.	Market Value	:	RM8,200,000/- (Ringgit Malaysia: Eight Million and Two Hundred Thousand only).
20.	Rate (of GFA)	:	RM99.68/- psf
Prepared By		:	For and on behalf of MACREAL INTERNATIONAL (PENANG) SDN BHD  Sr. Qoi Boon Leong Registered Valuer (V-801)

THIS SECTION SHOULD BE READ TOGETHER WITH OUR REPORT DATED 7TH APRIL 2021

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

MacReal

INTERNATIONAL
(JB) SDN BHD Co.No. 1092298-M

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

VALUATION CERTIFICATE



1.	Our Reference	:	JB/066/2021/YYJ
2.	Client	:	Cheung Woh Technologies (Johor) Sdn. Bhd.
3.	Purpose of Valuation	:	For submission to the Singapore Stock Exchange in connection with general offer for Cheung Woh Technologies Ltd.
4.	Date of Valuation	:	8 th February 2021.
5.	Date of Inspection	:	8 th February 2021.
6.	Property Address	:	PLO 107, Jalan Cyber 5, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Darul Ta'zim.
7.	Basic of Valuation	:	Market value on existing use basic/"as is" basis. MARKET VALUE is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
8.	Gross Floor Area (GFA)	:	2,195.29 square metres approximately
9.	Land Area	:	4040 square metres
10.	Occupancy Status	:	Subject property is currently owner occupied
11.	Property Condition	:	Good state of repair and decorative condition
12.	Particulars of Title	:	Lot 72063, PN 58676 Mukim of Senai, District of Kulai, State of Johor
13.	Brief Description	:	Subject property is located about 30 kilometres north-west of Johor Bahru city centre. It is a parcel of leasehold industrial land improved with an one-and-half-storey individual-designed detached factory, guard house and a pump house.
14.	Tenure	:	60-year leasehold interest expiring on 15 th June 2064. (Balance of approximately 43 years as at 8 th February 2021)
15.	Encumbrance	:	Charged twice to Public Islamic Bank Berhad vide:- i. Prsn. 84584/2015 dated 2 nd November 2015. ii. Prsn. No. 25529/2016 dated 18 th April 2016
16.	Endorsement/Caveat	:	"Pindaan Cukai Tanah" vide Prsn. No. 7411/2019 dated 28 th October 2019.
17.	Valuation Methodology	:	Comparison Method
18.	Registered Proprietor	:	Cheung Woh Technologies (Johor) Sdn. Bhd.
19.	Market Value	:	RM3,440,000/- (Ringgit Malaysia: Three Million, Four Hundred and Forty Thousand only).
20.	Rate (of GFA)	:	RM145.58/-psf
	Prepared by	:	For and on behalf of MACREAL INTERNATIONAL (JB) SDN BHD WONG YEE LECK Registered Valuer – (V 934)

THIS SECTION SHOULD BE READ TOGETHER WITH OUR REPORT DATED 18th FEBRUARY 2021

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

MacReal

INTERNATIONAL
(JB) SDN BHD Co.No. 1092298-M

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

VALUATION CERTIFICATE



1.	Our Reference	:	JB/067/2021/YYJ
2.	Client	:	Cheung Woh Technologies (Johor) Sdn. Bhd.
3.	Purpose of Valuation	:	For submission to the Singapore Stock Exchange in connection with general offer for Cheung Woh Technologies Ltd.
4.	Date of Valuation	:	8 th February 2021.
5.	Date of Inspection	:	8 th February 2021.
6.	Property Address	:	PLO 108, Jalan Cyber 5, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Darul Ta'zim
7.	Basic of Valuation	:	Market value on existing use basic/"as is" basis. MARKET VALUE is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
8.	Gross Floor Area (GFA)	:	2,275.55 square metres approximately
9.	Land Area	:	4040 square metres
10.	Occupancy Status	:	Subject property is currently owner occupied
11.	Property Condition	:	Good state of repair and decorative condition
12.	Particulars of Title	:	Lot 72062, PN 58675 Mukim of Senai, District of Kulai, State of Johor
13.	Brief Description	:	Subject property is located about 30 kilometres north-west of Johor Bahru city centre. It is a parcel of leasehold industrial land improved with an one-and-half-storey individual-designed detached factory, guard house and a pump house.
14.	Tenure	:	60-year leasehold interest expiring on 15 th June 2064 (Balance of approximately 43 years as at 8 th February 2021)
15.	Encumbrance	:	Charged twice to Public Islamic Bank Berhad vide:- i. Prsn. 84583/2015 dated 2 nd November 2015. ii. Prsn. No. 25528/2016 dated 18 th April 2016
16.	Endorsement/Caveat	:	"Pindaan Cukai Tanah" vide Prsn. No. 7411/2019 dated 28 th October 2019'.
17.	Valuation Methodology	:	Comparison Method
18.	Registered Proprietor	:	Cheung Woh Technologies (Johor) Sdn. Bhd.
19.	Market Value	:	RM3,490,000/- (Ringgit Malaysia: Three Million, Four Hundred and Ninety Thousand only)
20.	Rate (of GFA)	:	RM142.49/-psf
	Prepared by	:	For and on behalf of MACREAL INTERNATIONAL (JB) SDN BHD WONG YEE LECK Registered Valuer – (V 934)

THIS SECTION SHOULD BE READ TOGETHER WITH OUR REPORT DATED 18th FEBRUARY 2021

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

MacReal

INTERNATIONAL
(JB) SDN BHD Co.No. 1092298-M

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Tel/Fax No.: +607-2411 535
Website: www.macrealinternational.com



VALUATION CERTIFICATE

1.	Our Reference	:	JB/065/2021/YYJ
2.	Client	:	Cheung Woh Technologies (Johor) Sdn. Bhd.
3.	Purpose of Valuation	:	For submission to the Singapore Stock Exchange in connection with general offer for Cheung Woh Technologies Ltd.
4.	Date of Valuation	:	8 th February 2021.
5.	Date of Inspection	:	8 th February 2021.
6.	Property Address	:	PLO 170, Jalan Cyber 5, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Darul Ta'zim
7.	Basic of Valuation	:	Market value on existing use basic/"as is" basis. MARKET VALUE is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
8.	Gross Floor Area (GFA)	:	3,730.42 square metres approximately
9.	Land Area	:	0.4047 hectare
10.	Occupancy Status	:	Subject property is currently owner occupied
11.	Property Condition	:	Good state of repair and decorative condition
12.	Particulars of Title	:	PTD 65003, HSD 34830 Mukim of Senai, District of Kulai, State of Johor
13.	Brief Description	:	Subject property is located about 30 kilometres north-west of Johor Bahru city centre. It is a parcel of leasehold industrial land improved with an one-and-half-storey individual-designed detached factory with guard house.
14.	Tenure	:	60-year leasehold interest expiring on 24 th May 2059. (Balance of approximately 38 years as at 8 th February 2021)
15.	Encumbrance	:	Not stated
16.	Endorsement/Caveat	:	"Pindaan Cukai Tanah" vide Prsn. No. 7405/2019 dated 28 th October 2019'
17.	Valuation Methodology	:	Comparison Method
18.	Registered Proprietor	:	Cheung Woh Technologies (Johor) Sdn. Bhd.
19.	Market Value	:	RM3,230,000/- (Ringgit Malaysia: Three Million, Two Hundred and Thirty Thousand only)
20.	Rate (of GFA)	:	RM80.44/-psf
	Prepared by	:	For and on behalf of MACREAL INTERNATIONAL (JB) SDN BHD WONG YEE LECK Registered Valuer – (V 934)

THIS SECTION SHOULD BE READ TOGETHER WITH OUR REPORT DATED 18th FEBRUARY 2021

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

Our Ref.: 132032

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VALUATION CERTIFICATE OF INDUSTRIAL COMPLEX 1

Property Address	: Industrial complex 1 located at No. 163 Zhufeng Avenue, Jingan Town, Doumen District, Zhuhai City, Guangdong Province, the PRC ("Complex 1") 中國廣東省珠海市門門區井岸鎮珠峰大道 163 號廠房 1
Registered Owner	: Cheung Woh Technologies (Zhuhai) Company Limited 祥和科技（珠海）有限公司
Land Lot No.	: Yu 2101351 預 2101351
Site Area	: 10,906.33 square metres
Permitted Land Use	: Industrial
No. of Storey	: Two single-storey workshops, one single-storey warehouse and one 5-storey (including 1 level of basement) workshop
Land Tenure	: To be expired on October 19, 2053
Gross Floor Area	: 20,521.75 square metres
Net Lettable Area	: N/A
Zoning	: N/A

Property Descriptions Industrial complex 1 ("Complex 1") comprises two single-storey workshops, one single-storey warehouse and one 5-storey (including 1 level of basement) workshop.

Complex 1 is constructed with reinforced concrete. It was completed in between 2008 and 2017 and the maintenance condition of Complex 1 is reasonable.

With reference to Real Estate Certificates (房地產權證) issued by People's Government of Guangdong Province (廣東省人民政府) registered on January 4, 2015 and a Real Estate Certificates (房地產權證) issued by Real Estate Registration Centre of Zhuhai City (珠海市不動產權證登記中心) dated September 25, 2020, Complex 1 has a total gross floor area ("GFA") of 20,521.75 square metres. The salient details of the Complex 1's area and uses are tabulated below:

Building Name	No. of Storey	Structure	Year of Completion	GFA (sq.m.)
Workshop 1	1	Reinforced Concrete	2014	2,730.04
Workshop 2	1	Reinforced Concrete	2008	1,688.96
Warehouse	1	Reinforced Concrete	2010	2,303.97
Workshop C	4 / -1	Reinforced Concrete	2017	13,798.78
			Total GFA	20,521.75

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

Our Ref.: 132032

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Location : Complex 1 is located on the southern side of Zhufeng Avenue and situated in Xinqing Industrial Zone. The neighbourhood of the Complex 1 is developed predominately with industrial properties.

Title Documents : Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Zheng No. C4716408, issued by the People's Government of Guangdong Province, the land use rights with a site area of 2,730.04 square metres was granted to 祥和科技（珠海）有限公司 for industrial use with a tenure to be expired on October 19, 2053. The ownership of building with a gross floor area of 2,730.04 square metres was held by 祥和科技（珠海）有限公司 for workshop uses.

Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Quan Zheng Zhu Zi No. 0300081209, issued by the People's Government of Guangdong Province, the land use rights with a site area of 1,688.96 square metres was granted to 祥和科技（珠海）有限公司 for industrial use with a tenure to be expired on October 19, 2053. The ownership of building with a gross floor area of 1,688.96 square metres was held by 祥和科技（珠海）有限公司 for workshop uses.

Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Quan Zheng Zhu Zi No. 0300081210, issued by the People's Government of Guangdong Province, the shared land use rights with a site area of 2,303.97 square metres was granted to 祥和科技（珠海）有限公司 for industrial use with a tenure to be expired on October 19, 2053. The ownership of building with a gross floor area of 2,303.97 square metres was held by 祥和科技（珠海）有限公司 for warehouse uses.

Pursuant to the Real Estate Ownership Certificate, Yue (2020) Zhu Hai Shi Bu Dong Chan Quan No. 0075204, issued by the People's Government of Guangdong Province, the shared land use rights with a site area of 4,183.36 square metres was granted to 祥和科技（珠海）有限公司 for industrial use with a tenure to be expired on October 19, 2053. The ownership of building with a gross floor area of 13,798.78 square metres was held by 祥和科技（珠海）有限公司 for workshop uses.

Tenancy Details –

Occupancy : As of the valuation date, Complex 1 was occupied by owner for manufacturing and storage purposes.

Weighted Average Lease Expiry : N/A

Valuation Date : February 28, 2021

Report Date : May 31, 2021

Valuation Purpose : In connection with the general offer by Woh Seng Holdings Pte Ltd for the shares of Cheung Woh Technologies Limited

Basis of Valuation : Our valuation is of the Complex 1 represents its market value which, in accordance with the International Valuation Standards 2020 Edition published by the International Valuation Standards Council ("IVSC"), is defined as "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

When valuing the Complex 1, we have complied with the requirements set out in International Valuation Standards Council and the Mainboard Rules issued by the Singapore Exchange Securities Trading Limited (the "SGX") and the relevant

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

Our Ref.: 132032

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guidance letters and practice guides or equivalent issued by the SGX and the Singapore Institute of Surveyors and Valuers.

Valuation Methods : To develop our opinion of value of the Complex 1, we have mainly considered the Cost Approach.

The cost approach begins with the determination of land value, which is valued by the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable land parcels is made. Comparable land parcels of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each land use rights interest in order to arrive at a fair comparison of land value.

Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and / or external obsolescence.

The depreciated replacement cost establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, and functional and economic/external obsolescence, if present and measurable.

Cost of Replacement New is defined as the estimated amount required to replace the property at one time with a modern new unit using the most current technology and materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, manufactured equipment, contractors' overheads and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for material or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the asset such as changes in design, materials, or processes that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by negative influences outside of the asset itself, such as general economic conditions, availability of financing, or inharmonious property uses.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

Valuation Assumptions : Our valuation has been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

No allowance has been in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

APPENDIX VII – VALUATION CERTIFICATES AND REPORT

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We have assumed that the owner(s) of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

We have valued the property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner(s) or permitted to be occupied by the owner(s).

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists.

Valuation Parameters	:	N/A
Interest to be valued	:	Our valuation of the Property is on an entirely interest basis.
Market Value	:	RMB 40,800,000
Unit Rate	:	RMB 1,988 /sq.m. (GFA)
Limiting Conditions & Qualifications	:	We, D&P China (HK) Limited hereby confirm that D&P China (HK) Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

This valuation report is issued only for the use of Cheung Woh Technologies Limited for the purpose of aforesaid valuation.

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VALUATION CERTIFICATE OF INDUSTRIAL COMPLEX 2

Property Address	:	Industrial complex 2 located at No. 163 Zhufeng Avenue, Jingan Town, Doumen District, Zhuhai City, Guangdong Province, the PRC (“Complex 2”) 中國廣東省珠海市門門區井岸鎮珠峰大道 163 號廠房 2
Registered Owner	:	Cheung Woh Precision (Zhuhai) Company Limited 祥和精工（珠海）有限公司
Land Lot No.	:	Yu 2101110-1, Yu 2101110-2, Yu 2101110-3, Yu 2101110-4 and Yu 2101110-5, 預 2101110-1, 預 2101110-2, 預 2101110-3, 預 2101110-4 & 預 2101110-5
Site Area	:	25,262.04 square metres
Permitted Land Use	:	Industrial
No. of Storey	:	One single storey workshop, two 2-storey workshop and dormitory and two 4-storey dormitories
Land Tenure	:	To be expired on June 15, 20151
Gross Floor Area	:	14,954.62 square metres
Net Lettable Area	:	N/A
Zoning	:	N/A
Property Descriptions	:	Industrial complex 2 (“Complex 2”) comprises one single storey workshop, two 2-storey workshops and dormitory and two 4-storey dormitories .

Two workshops are constructed with steel, and three dormitories are constructed with reinforced concrete . Complex 2 was completed in between 2002 and 2004 and the maintenance condition of Complex 2 is reasonable.

With reference to Real Estate Certificates (房地產權證) issued by People's Government of Guangdong Province (廣東省人民政府) registered on September 27, 2002 and September 1, 2005, Complex 2 has a total gross floor area (“GFA”) of 14,954.62 square metres. The salient details of the Complex 2's area and uses are tabulated below:

Building Name	No. of Storey	Structure	Year of Completion	GFA (sq.m.)
Workshop 1	2	Steel	2002	6,385.83
Dormitory 1	4	Reinforced Concrete	2002	2,925.24
Dormitory 2	2	Reinforced Concrete	2004	699.30
Phase 2 Dormitory	4	Reinforced Concrete	2004	2,666.22
Phase 2 Workshop	1	Steel	2004	2,278.03
Total GFA				14,954.62

Location	:	Complex 2 is located on the southern side of Zhufeng Avenue and situated in Xinqing Industrial Zone. The neighbourhood of the Complex 2 is developed predominately with industrial properties.
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Title Documents : Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Zheng No. C0698130, issued by the People's Government of Guangdong Province, the land use rights of a land parcel with a site area of 14,564.56 square metres was granted to 祥和精工（珠海）有限公司 for industrial use with a tenure to be expired on June 15, 2051. The ownership of building with a gross floor area of 6,385.83 square metres was held by 祥和精工（珠海）有限公司 for workshop uses.

Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Zheng No. C0698131, issued by the People's Government of Guangdong Province, the land use rights of a land parcel with a site area of 2,283.11 square metres was granted to 祥和精工（珠海）有限公司 for industrial use with a tenure to be expired on June 15, 2051. The ownership of building with a gross floor area of 2,925.24 square metres was held by 祥和精工（珠海）有限公司 for dormitory uses.

Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Zheng No. C0698132, issued by the People's Government of Guangdong Province, the land use rights of a land parcel with a site area of 1,184.14 square metres was granted to 祥和精工（珠海）有限公司 for industrial use with a tenure to be expired on June 15, 2051. The ownership of building with a gross floor area of 699.30 square metres was held by 祥和精工（珠海）有限公司 for dormitory uses.

Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Zheng No. C3262877, issued by the People's Government of Guangdong Province, the land use rights of a land parcel with a site area of 2,427.24 square metres was granted to 祥和精工（珠海）有限公司 for industrial use with a tenure to be expired on June 15, 2051. The ownership of building with a gross floor area of 2,666.22 square metres was held by 祥和精工（珠海）有限公司 for dormitory uses.

Pursuant to the Real Estate Ownership Certificate, Yue Feng Di Zheng No. C3262880, issued by the People's Government of Guangdong Province, the land use rights of a land parcel with a site area of 4,802.99 square metres was granted to 祥和精工（珠海）有限公司 for industrial use with a tenure to be expired on June 15, 2051. The ownership of building with a gross floor area of 2,278.03 square metres was held by 祥和精工（珠海）有限公司 for workshop uses.

Tenancy Details – :
Occupancy : As of the valuation date, Complex 2 was occupied by owner for manufacturing and dormitory purpose.

Weighted Average Lease : N/A
Expiry

Valuation Date : February 28, 2021

Report Date : May 31, 2021

Valuation Purpose : In connection with the general offer by Woh Seng Holdings Pte Ltd for the shares of Cheung Woh Technologies Limited.

Basis of Valuation : Our valuation is of the Complex 2 represents its market value which, in accordance with the International Valuation Standards 2020 Edition published by the International Valuation Standards Council ("IVSC"), is defined as "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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When valuing the Complex 2, we have complied with the requirements set out in International Valuation Standards Council and the Mainboard Rules issued by the Singapore Exchange Securities Trading Limited (the “SGX”) and the relevant guidance letters and practice guides or equivalent issued by the SGX and the Singapore Institute of Surveyors and Valuers.

Valuation Methods : To develop our opinion of value of the Complex 2, we have mainly considered the Cost Approach.

The cost approach begins with the determination of land value, which is valued by the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable land parcels is made. Comparable land parcels of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each land use rights interest in order to arrive at a fair comparison of land value.

Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and / or external obsolescence.

The depreciated replacement cost establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, and functional and economic/external obsolescence, if present and measurable.

Cost of Replacement New is defined as the estimated amount required to replace the property at one time with a modern new unit using the most current technology and materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, manufactured equipment, contractors' overheads and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for material or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the asset such as changes in design, materials, or processes that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by negative influences outside of the asset itself, such as general economic conditions, availability of financing, or inharmonious property uses.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

Valuation Assumptions : Our valuation has been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the property interests.

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: No allowance has been in our valuation for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have assumed that the owner(s) of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

We have valued the property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. We have assumed that all consents, approvals and licences from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner(s) or permitted to be occupied by the owner(s).

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists.

Valuation Parameters : N/A

Interest to be valued : Our valuation of the Property is on an entirely interest basis.

Market Value : RMB 23,800,000

Unit Rate : RMB 1,591 /sq.m. (GFA)

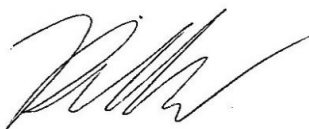
Limiting Conditions & Qualifications : We, D&P China (HK) Limited hereby confirm that D&P China (HK) Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

This valuation report is issued only for the use of Cheung Woh Technologies Limited for the purpose of aforesaid valuation.

Yours faithfully,

For and on behalf of

D&P China (HK) Limited



Calvin K.C. Chan

CFA , MRICS, MHKIS, MCIREA , RPS (GP)

Director

Notes:

Mr. Calvin K. C. Chan, who is a Chartered Surveyor, has over 20 years' post qualification experience in valuation of properties in Hong Kong, the People's Republic of China and Asia.

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DUFF & PHELPS
A KROLL BUSINESS

May 31, 2021

Cheung Woh Technologies Limited
17 Tuas South Street 1
Singapore 638065

Our Ref.: 134534

Dear Sirs,

VALUATION OF TWO INDUSTRIAL COMPLEXES LOCATED AT NO. 163 ZHUFENG AVENUE, JINGAN TOWN, DOUMEN DISTRICT, ZHUHAI CITY, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA

In accordance with the instruction of Cheung Woh Technologies Limited (the "Company") to provide our opinion of the market value of two industrial complexes located at No.163 Zhufeng Avenue, Jingan Town, Doumen District, Zhuhai City, Guangdong Province (the "PRC") (or hereafter referred as the "Properties" or the "property interests"). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for providing the market value of such property interest as of February 28, 2021 (referred to as the "valuation date") in connection with the general offer by Woh Seng Holdings Pte Ltd for the shares of Cheung Woh Technologies Limited.

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of Properties and the limiting conditions.

BASIS OF VALUATION

Our valuation of the Properties represents its market value which, in accordance with the International Valuation Standards 2020 Edition published by the International Valuation Standards Council ("IVSC"), is defined as "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

When valuing the Properties, we have complied with the requirements set out in International Valuation Standards Council and the Mainboard Rules issued by the Singapore Exchange Securities Trading Limited (the "SGX") and the relevant guidance letters and practice guides or equivalent issued by the SGX and the Singapore Institute of Surveyors and Valuers.

Our valuation of the Properties is on an entirely interest basis.

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- assumptions and limiting conditions;
- certificates of appraisers;
- a summary of valuation ; and
- a list of equipment providing for each unit or group of items an identifying description and the appraised value under the appropriate premise;

This appraisal covers only the Equipment as shown on the list of equipment, excluded from the investigation were other equipment not on the list, land, buildings and structures, spare parts, supplies, inventories, materials on hand and all other tangible assets of current nature and intangible assets that might exist.

PREMISE OF VALUE

The premise of value for the valuation of the Equipment will be fair value in continued use, which, according to Accounting Standards Codification 820 in the United States ("ASC 820") which the International Valuation Standards 2020 Edition published by the International Valuation Standards Council ("IVSC") endorse, is defined as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the Equipment is used. It was assumed that prospective earnings would provide a reasonable return on the fair value of the Equipment, plus the value of any assets not included in the appraisal, and adequate net working capital. If prospective earnings are not adequate to justify ownership of the assets at the appraisal levels, then the concluded fair value as reported here must be reduced accordingly.

VALUATION METHODOLOGY

To develop our opinion of value, we considered the three generally accepted approaches to value: cost, market and income capitalisation. The theory of these approaches is outlined as follows:

The cost approach

The cost approach establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, and functional and economic/external obsolescence.

Reproduction Cost New is defined as the estimated amount required to reproduce the property at one time in like kind and materials in accordance with current market prices for materials, labour, and manufactured equipment, contractors' overhead and profit, and fees, but without provision for overtime, bonuses for labour, or premiums for materials or equipment.

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Replacement Cost New is defined as the estimated amount required to replace the entire property at one time with a modern new unit using the most current technology and construction materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labour, and manufactured equipment, contractors' overhead and profit, and fees, but without provision for overtime, bonuses for labour, or premiums for materials or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the property such as changes in design, materials, or process that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/ External Obsolescence is an incurable loss in value caused by unfavorable conditions external to the property such as the local economy, economics of the industry, availability of financing, encroachment of objectionable enterprises, loss of material and labour sources, lack of efficient transportation, shifting of business centers, passage of new legislation, and changes in ordinances.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

When market transactions of comparable property are not available, when data cannot be extrapolated from larger transactions, or when transactions are non-existent, under premise of continued use, assuming adequate earnings the cost approach is the preferred valuation procedure.

The market approach

In the market approach, the value of the appraised property is estimated through analysis of recent sales of comparable items of the property. It is employed in the valuation of the property for which there is a known used market. Under the premise of continued use assuming adequate earnings, consideration is given to the cost to acquire similar items in the used-equipment market; an allowance then is made to reflect the costs for freight and installation.

A variant of the direct market approach is the use of market relationship. Recent market prices for property in an asset classification are determined with respect to age and are compared with a benchmark price, such as the cost of reproduction new. The ratio is applied to similar property in the classification when the secondary market for the subject equipment is too sparse to exhibit appropriate comparables.

The income capitalisation approach

In the income capitalisation approach, value is developed on the basis of capitalisation of the net earnings that would be generated if a specific stream of income can be attributed to an asset or a

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group of assets. This approach is most applicable to investment and general-use properties where there is an established and identifiable rental market.

In any appraisal study, all three approaches to value must be considered, as one or more may be applicable to the subject Equipment. In some situations, elements of two or three approaches may be combined to reach a value conclusion.

Because of the purpose of the valuation and the nature of the assets, this valuation was developed using either the cost or market approach. The income approach was not developed because it would not be practical to align income streams to specific assets.

INVESTIGATION AND ASSUMPTIONS

Machinery and Equipment

The assets considered in this valuation were supplied to us by the Company in a prepared list supplied to D&P China at the beginning of the valuation project and through other information provided during our due diligence.

We have conducted an inspection of the equipment on January 28, 2021. During our inspection, the equipment was basically in idle condition, the exterior suggested that the Equipment were still being maintained and we have assumed they would be in working condition. To arrive at our opinion of value, we assumed the equipment were able to perform efficiently the purpose for which it was designed or built, and assumed normal wear and tear for physical depreciation.

Cost Approach

The valuation methods and procedures used to develop the estimated fair values for the various asset groupings varied, as described below. However, the methods and procedures followed the same basic principles of the cost approach: 1) a current cost to replace the asset new is calculated, and then 2) the estimated replacement cost is reduced to reflect the applicable decline in value resulting from physical deterioration (including age and physical wear and tear), functional obsolescence, and/or economic obsolescence.

The primary method used to develop this machinery and equipment valuation analysis was the analytical trending method.

The trending method involves using data contained in fixed asset accounting records in an analytical process that calculates machinery and equipment value estimates, typically in total by asset class and/or location. Using true historical cost and acquisition date information imported from fixed asset records, estimates of current reproduction cost new ("RCN") are developed by multiplying the cost data by inflation indices that reflect the various asset types and the asset ages. To calculate fair value, the RCN data are adjusted to reflect the impact of physical deterioration (age, and normal wear and tear), as well as applicable functional or economic obsolescence. The reduction in value because of physical deterioration is based on a modified age/life calculation.

As discussed previously, this valuation was developed using the trending method. Specific procedures used in the analysis involved our review of the fixed asset accounting data with management personnel of the Company. The

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fixed asset reviews, however, were not designed or intended to be thorough fixed asset “cleanup” projects or to create a new listing of the fixed assets.

The fixed asset review with management was designed to assess management’s confidence with the fixed asset data, to determine the usability of the data for this valuation, and to disclose any issues that might need to be addressed during the valuation process.

The initial step in the trending process was to segregate the fixed asset accounting data into the various classes of assets using the existing general ledger and/or asset class data. Inflation indices related to the equipment being valued were then applied to the historical cost data to calculate an estimated reproduction cost new for each class of asset. The equipment-related inflation indices were obtained from recognized sources such as Chinese Statistical Yearbook, Bureau of Labor Statistics of the Department of Labor, and Bloomberg LLP.

Because the assets have been in service for varying lengths of time, it is logical that most machinery and equipment are worth less than their reproduction cost new. This reduction in value typically results from a combination of factors that could include physical deterioration, functional obsolescence, and economic obsolescence.

For the purpose of this valuation, physical deterioration was estimated based on an age/life calculation, generally using the historical age data within the fixed asset accounting records. Normal useful life of major classification is list as follows:

Asset Classification	Normal Useful Life (Years)
Testing Equipment	8
Machine Shop Equipment	5- 10
General Equipment	8 - 12

The age/life calculation applies a straight-line depreciation pattern to the asset until the asset is near the end of the designated useful life; at that point, the asset is assumed to have minimum remaining life (assuming the asset is still in service) and the rate of physical deterioration has slowed. The use of the minimum remaining life factor in the calculation ensures that all assets still in use are included in the valuation at a value greater than zero. Minimum remaining life factor for all asset classes is fixed at 5% of RCN.

Knowing that the Equipment was idled for a while as of the Valuation Date and that we have confirmed with management that the Equipment will not be of usage for the future operation, we have to consider the in-exchange premise of such equipment. To discount for the soft cost (which cannot transfer to the potential buyer), we have made a discount of 3% to 80% to reflect the in-exchange nature of the Equipment.

Market Approach

Some of the Equipment were valued using the market approach. In this approach, we obtained current transactions, listing prices or references prices from various publications, transaction platforms or professional chat room, if available.

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The obtained price references may often not be exactly the same our target Equipment. In order to use these price references for the valuation, we will make adjustments based on the following parameters:

1. Vintage differences;
2. Production capacity differences;
3. Manufacturer differences; and
4. Other characteristics which may affect their values in comparison with the target Equipment.

In this valuation, we have assumed the non-transactional listing prices we obtained would be a close proxy of the market price.

CONCLUSION OF VALUE

Based on the outlined scope of work and the methods and procedures described, it is our opinion that as of the Valuation Date, the fair value of the identified machinery and equipment is reasonably represented in the total amount of CNY58,192,780.

In the course of our investigation, we accepted property records furnished by the Company as properly describing the Equipment. The information provided by the Company, although not subject to a detailed verification, was accepted as reasonably representing the facts.

As indicated earlier, this fair value does not represent the amount that might be realized from a piecemeal disposition of the Equipment in the open market or from an alternate use of the Equipment.

For the purpose of this appraisal, we have reviewed the acquisition records and asset listings as well as other related technical specifications and documents supplied to us by the Company. We have relied to a very considerable extent on such records, listings, specifications and documents in arriving at our opinion of value. We have not investigated the title to or any liabilities against the Equipment.

We hereby certify that we have neither present nor a prospective interest in the Equipment or the value reported.

Respectfully submitted,



D&P China (HK) Limited

Investigation and Report

By Hoddle Poon, Director

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ASSUMPTIONS AND LIMITING CONDITIONS

1. Every attempt has been made to prepare this appraisal report in conformance with the requirements set forth by the client. We do not accept responsibility for any consequential damages of alleged damages should the client withhold approval of the appraisal reports.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. The appraisal presumes, unless otherwise noted, that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances which cannot be cleared through normal processes.
3. To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis.
4. The value or values presented in this report are based upon the premises outlined herein and are valid only for the purpose or purposes stated.
5. The date of value to which the conclusions and opinions expressed apply is set forth in this report. Unless otherwise noted, this date represents the last date of our physical inspection of the property. The value opinion herein rendered is based on the status of the national business economy and the purchasing power of the currency stated in the report as of that date.
6. This report is for the use of the party to whom it is addressed and no responsibility is accepted from any third party for the whole or any part of the contents of this report.
7. This appraisal report is invalid unless it bears the embossing stamp of D&P China (HK) Limited.
8. Testimony or attendance in court or at any other hearing is not required by reason of this appraisal unless arrangements are previously made within a reasonable time in advance therefore.
9. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report shall be disseminated to the public through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of D&P China (HK) Limited.
10. If we have made a physical inspection of the property and noted visible physical defects, if any, in our report. This inspection was made by individuals generally familiar with machinery and industrial operations. However, these individuals are not architectural or structural engineer, nor mechanical or industrial engineers who would have detailed knowledge of building design and structural integrity, or machinery design and performance assessment. Accordingly, we do not opine on, nor are we responsible for, the integrity or performance the property including its conformity to specific governmental code requirements, such as fire, building and safety,

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earthquake, and occupancy, or any physical defects which were not readily apparent to the appraisers during their inspection.

11. In the inventory, machinery and/or the description of equipment are listed as one complete unit, that is machinery and/or equipment is meant to have included all parts and accessories normally comprising the unit.
12. We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expense.
13. We do not investigate any industrial safety and health related regulations in association with this particular manufacturing process. It is assumed that all necessary licenses, procedures, and measures were implemented in accordance with the Government legislation and guidance.

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CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- This report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and represent the unbiased professional analyses, opinions and conclusions of D&P China (HK) Limited.
- D&P China (HK) Limited and I have no present or prospective interest in the property that is the subject of this report, and has no personal interest or bias with respect to the parties involved.
- Compensation for D&P China (HK) Limited is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- Anyone providing significant professional assistance is identified on the signatory page of this report.



Hoddle Poon, MBA, Director
Our Ref.: 132032

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Exhibit

Summary of Valuation

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SUMMARY OF VALUATION

Cheung Woh Technologies (Zhuhai) Co Ltd
Location: No. 163 Zhufeng Avenue, Jingan Town, Doumen District, Zhuhai City, Guangdong Province, China
Appraisal Date: February 28, 2021
Classification: Machinery and Equipment

<u>Assets General Description</u>	<u>Qty.</u>	<u>Vintage</u>	<u>Total Original Cost</u> (RMB)	<u>Total Net Book Value</u> (RMB)	<u>Total Replacement Cost New</u> (RMB)	<u>Total Fair Value</u> (RMB)	<u>Remaining Useful Life</u>
Consists of workshop equipment (such as CNC lathe, Drilling Centers, etc) along with various lab equipment and auxiliary equipment	422 Entries	2012 to 2019	89,929,577.51	28,328,822.23	74,394,620.44	28,538,370.84	Ranged from 2 to 8 Years

Cheung Woh Precision (Zhuhai) Co Ltd
No. 163 Zhufeng Avenue, Jingan Town, Doumen District, Zhuhai City, Guangdong Province, China
Appraisal Date: February 28, 2021
Classification: Machinery and Equipment

<u>Assets General Description</u>	<u>Qty.</u>	<u>Vintage</u>	<u>Total Original Cost</u> (RMB)	<u>Total Net Book Value</u> (RMB)	<u>Total Replacement Cost New</u> (RMB)	<u>Total Fair Value</u> (RMB)	<u>Remaining Useful Life</u>
Consists of various types of Grinders, Hydraulic Presses, CNC Lathe, CNC Milling Machines, Tapping Centers, Heating Conveyors, Robotic Arms, along with various lab equipment and auxiliary equipment.	282 Entries	2009 to 2019	80,655,851.77	30,197,062.77	66,905,425.28	29,654,409.38	Ranged from 1 to 11 Years

