

CIRCULAR DATED 9 JANUARY 2019

THIS CIRCULAR IS ISSUED BY SUNRISE SHARES HOLDINGS LTD. (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF NOVUS CORPORATE FINANCE PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE RECOMMENDING DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

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

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by the CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular to the purchaser, the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (“**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and 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.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.



SUNRISE SHARES HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198201457Z)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY CONDITIONAL CASH OFFER

by

HONG LEONG FINANCE LIMITED

(Registration No. 196100003D)
(Incorporated in the Republic of Singapore)

for and on behalf of

WONG SIU FAI

(the “**Offeror**”)

to acquire all the issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror and its Concert Group (as defined herein)

Independent Financial Adviser to the Recommending Directors



NOVUS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 201723484W)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER (AS DEFINED HEREIN) AT 5.30 P.M. (SINGAPORE TIME) ON 23 JANUARY 2019, 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

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

“1HY2018”	: Half year financial period ended 30 June 2018
“Acquisition”	: Shall have the meaning ascribed to it in Paragraph 1.1 of this Circular
“ACRA”	: The Accounting and Corporate Regulatory Authority of Singapore
“Business Day”	: A day other than Saturday, Sunday or a gazetted public holiday on which commercial banks are open for business in Singapore
“Catalist”	: The Catalist board of the SGX-ST
“Catalist Rules”	: The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 9 January 2019 in relation to the Offer
“Closing Date”	: 5.30 p.m. (Singapore time) on 23 January 2019 , or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
“Code”	: The Singapore Code on Take-overs and Mergers
“Companies Act”	: Companies Act, Chapter 50 of Singapore
“Company”	: Sunrise Shares Holdings Ltd.
“Company Securities”	: (a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of any Shares or securities which carry voting rights in the Company
“Concert Group”	: The parties acting or deemed to be acting in concert with the Offeror
“Constitution”	: The constitution of the Company, as amended, supplemented or modified from time to time
“CPF”	: The Central Provident Fund
“CPFIS”	: CPF Investment Scheme
“CPFIS Investors”	: Investors who have purchased the Shares using their CPF savings under the CPFIS
“Directors”	: The directors of the Company as at the Latest Practicable Date
“FAA”	: Form of Acceptance and Authorisation for Offer Shares which is issued to Shareholders whose Offer Shares are deposited with CDP and which forms part of the Offer Document

DEFINITIONS

“FAT”	: Form of Acceptance and Transfer for Offer Shares which is issued to Shareholders whose Offer Shares are not deposited with CDP and which forms part of the Offer Document
“FY”	: Financial year ended 31 December
“Group”	: The Company and its subsidiaries
“Hong Leong Finance”	: Hong Leong Finance Limited
“IFA”	: Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Recommending Directors in respect of the Offer
“IFA Letter”	: The letter dated 9 January 2019 from the IFA to the Recommending Directors in respect of the Offer as set out in Appendix A to this Circular
“Interested Person”	<p>: As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, is:</p> <ul style="list-style-type: none">(a) a director, chief executive officer, or substantial shareholder of the company;(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a substantial shareholder (being an individual) and his immediate family is a beneficiary;(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Latest Practicable Date”	: 2 January 2019, being the latest practicable date prior to the printing of this Circular
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Non-Recommending Directors”	: Ms Huang Anna Yi and Mr Ng Clarence Kar Lung

DEFINITIONS

“Offer”	: The mandatory conditional cash offer made by Hong Leong Finance, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT
“Offer Announcement”	: The announcement relating to the Offer released by Hong Leong Finance on the Offer Announcement Date, for and on behalf of the Offeror
“Offer Announcement Date”	: 6 December 2018
“Offer Document”	: The document dated 26 December 2018, including the FAA and/or the FAT, and any other documents as may be issued by Hong Leong Finance, for and on behalf of the Offeror, to amend, revise, supplement or update the document dated 26 December 2018 from time to time
“Offer Price”	: S\$0.017 in cash for each Offer Share
“Offer Shares”	: All the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and its Concert Group
“Offeror”	: Mr Wong Siu Fai
“Overseas Shareholders”	: Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP
“Recommending Directors”	: The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Offer, namely Mr Zheng Aimin, Mr Zhang Zhi Liang, Mr Chew Vincent and Mr Tang An
“Register”	: The register of holders of Shares as maintained by the Registrar
“Registrar”	: RHT Corporate Advisory Pte. Ltd. located at 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619
“Relevant Acceptance Forms”	: The FAA and/or the FAT (as the case may be)
“Relevant Period”	: The period commencing on 6 June 2018, being the date falling six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date
“SFA”	: Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“SGXNet”	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Shareholders”	: Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register

DEFINITIONS

“Shares”	: Issued and paid-up ordinary shares in the capital of the Company
“SIC”	: Securities Industry Council
“SRS”	: Supplementary Retirement Scheme
“SRS Investors”	: Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Substantial Shareholder”	: A person who has an interest in the Shares of not less than five per cent. (5%) of the total number of issued voting Shares (excluding treasury shares, if any)

Units of Measurements and Currencies

“S\$” and “cents”	: Singapore dollars and cents respectively, being the lawful currency of Singapore
“%” or “per cent.”	: Per centum or percentage

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

Announcements and Notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNet or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Capitalised Terms in Extracts. Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and/or in italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

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

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

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

DEFINITIONS

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

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

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

Total Number of Shares and Percentage as at the Latest Practicable Date. In this Circular, the total number of Shares is a reference to a total of 178,337,290 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at the ACRA, unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 178,337,290 Shares in issue as at the Latest Practicable Date (excluding treasury shares) based on a search conducted at the ACRA. As at the Latest Practicable Date, there are no treasury shares held in the share capital of the Company.

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”**, **“believe”**, **“estimate”**, **“intend”**, **“project”**, **“plan”**, **“strategy”**, **“forecast”** and similar expressions or future or conditional verbs such as **“if”**, **“will”**, **“would”**, **“shall”**, **“should”**, **“could”**, **“may”** and **“might”**. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. 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 the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of the Offer Document	:	26 December 2018
Date of despatch of this Circular	:	9 January 2019
Closing Date	:	5.30 p.m. (Singapore time) on 23 January 2019 , or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
Date of settlement of consideration for valid acceptances of the Offer	:	<ul style="list-style-type: none">(i) 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 unconditional in all respects, within seven (7) Business Days after the Offer becomes or is declared unconditional in all respects; or(ii) In respect of acceptances of the Offer which are complete and valid in all respect and are received after the Offer becomes or is declared 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 of the Offer Document for information on the settlement of the Offer.

LETTER TO SHAREHOLDERS

SUNRISE SHARES HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198201457Z)

Board of Directors:

Mr Zheng Aimin (*Independent Non-Executive Chairman*)
Mr Zhang Zhi Liang (*Executive Director and Chief Executive Officer*)
Mr Ng Clarence Kar Lung (*Executive Director*)
Mr Chew Vincent (*Non-Executive Director*)
Ms Huang Anna Yi (*Non-Executive Director*)
Mr Tang An (*Independent Director*)

Registered Address:

20 Cross Street
#02-01/02
China Square Central
Singapore 048422

9 January 2019

To: **The Shareholders of Sunrise Shares Holdings Ltd.**

Dear Sir/Madam

MANDATORY CONDITIONAL CASH OFFER BY HONG LEONG FINANCE, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

- 1.1 **The Acquisition.** On 6 December 2018, Hong Leong Finance announced, for and on behalf of the Offeror, that Hong Kong Zhong Tong Wealth Management Limited ("**HKZT**"), a company controlled by the Offeror, had on the same day, acquired from Mr Cheung Chi Hung an aggregate of 9,000 ordinary shares in the capital of Quality Able Limited ("**QAL**") ("**QAL Sale Shares**"), representing 90% of the total issued and paid-up share capital of QAL ("**Acquisition**") at the price of S\$13.60 per QAL Sale Share, for a total of S\$122,400. QAL is a Shareholder of the Company, holding in aggregate 8,000,000 Shares, representing approximately 4.49% of the total number of issued Shares.

Prior to the Acquisition, the Offeror owned or controlled, directly or indirectly, in aggregate 53,012,815 Shares, representing approximately 29.73% of the total issued Shares.

- 1.2 **Offer Announcement.** On 6 December 2018, Hong Leong Finance, for and on behalf of the Offeror, announced that as a consequence of the Acquisition, the Offeror is required to make a mandatory conditional cash offer for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and its Concert Group, in accordance with Section 139 of the SFA and Rule 14 of the Code.

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

- 1.3 **Offer Document.** Shareholders should by now have received a copy of the Offer Document issued by Hong Leong Finance, for and on behalf of the Offeror, and the Relevant Acceptance Forms, which set out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 9 and 10 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer contained in the Offer Document carefully.**

The Offer Document, the FAA and the FAT are available on the website of the SGX-ST at www.sgx.com.

- 1.4 **IFA.** The Company has appointed Novus Corporate Finance Pte. Ltd. as the independent financial adviser to advise the Recommending Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in Appendix A of this Circular.

LETTER TO SHAREHOLDERS

- 1.5 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer.

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

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Recommending Directors and the advice of the IFA to the Recommending Directors in respect of the Offer before deciding whether to accept or reject the Offer.

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

2. THE OFFER

- 2.1 **Terms of the Offer.** The Offer is made by Hong Leong Finance, for and on behalf of the Offeror, on the principal terms set out in Paragraphs 2 and 3 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“2. TERMS OF THE OFFER

- 2.1 **Terms.** *The Offer will be made for all the Offer Shares, subject to the terms and conditions set out in this Offer Document.*

- 2.2 **Offer Price.** *The Offer Price for each Offer Share will be as follows:*

For each Offer Share: S\$0.017 in cash.

- 2.3 **Rights and Encumbrances.** *The Offer Shares will be acquired:*

- (a) properly and validly issued and fully paid-up;*
- (b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, encumbrances, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature (“**Encumbrances**”); and*
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including all voting rights and the right to receive and retain all dividends, rights other distributions and return of capital (“**Distribution**”) (if any) which may be announced or declared by the Company or the entitlement to which is determined by the Company, each on or after the Offer Announcement Date.*

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

- 2.4 **Minimum Acceptance Condition.** *The Offer is conditional upon the Offeror having received, by the Closing Date, 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 Group (either before or during the Offer and pursuant to the Offer or*

LETTER TO SHAREHOLDERS

otherwise), would result in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares) ("**Minimum Acceptance Condition**").

The Offer is not subject to any other condition.

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent and warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) properly and validly issued and fully paid-up; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including all voting rights and the right to receive and retain all Distribution which may be announced or declared by the Company or the entitlement to which is determined by the Company, each on or after the Offer Announcement Date."

- 2.2 **Duration of the Offer.** The duration of the Offer is set out in Paragraph 4 of the Offer Document, extracts of which are set out below.

"4. DURATION OF THE OFFER

- 4.1 **First Closing Date.** The Offer is open for acceptance by Shareholders for at least 28 days after the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. (Singapore time) on 23 January 2019, being the Closing Date, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer.

- 4.2 **Subsequent Closing Date(s).** If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer closes.
- 4.3 **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 acceptances for a period of not less than 14 days after the date on which the Offer would otherwise have closed, unless the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

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

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

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with **Paragraph 4.3 of Appendix 1**, the 14-day period the Offer will have to remain open pursuant to Rule 22.6 of the Code will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

LETTER TO SHAREHOLDERS

- 4.4 **Final Day Rule.** Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared unconditional as to acceptances after 5:30 p.m. (Singapore time) on the 60th day after the date of posting of this Offer Document or of being kept open after the expiry of such period, unless it has previously become or been declared unconditional as to acceptances, except with the permission of the SIC. The SIC will consider granting such permission in circumstances including but not limited to, where a competing offer has been announced.
- 4.5 **Revision.** Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each Shareholder, including those who had previously accepted the Offer.
- 4.6 **No Obligation to Extend the Offer.** The Offeror is not obliged to extend Offer if the condition of the Offer as set out in **Section 2.4** of this Offer Document (being the Minimum Acceptance Condition) is not fulfilled by the Closing Date.”
- 2.3 **Details of the Offer.** The details of the Offer are set out in Paragraph 5 and Appendix 1 of the Offer Document, extracts of which are set out below.

“5. DETAILS OF THE OFFER

Appendix 1 to this Offer Document sets out further details on:

- (a) the settlement of the consideration for the Offer;
- (b) the requirements relating to the announcement of the level of acceptances of the Offer; and
- (c) the right of withdrawal of acceptances of the Offer.

...

APPENDIX 1 – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

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 23 January 2019, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2. SETTLEMENT OF THE OFFER

Subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the Relevant Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the Shares are standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time, remittances in the form of Singapore Dollar cheques drawn on a bank in Singapore for the appropriate amounts will be despatched (or by such other manner as the Accepting Shareholders may have agreed with CDP for the payment of any cash distributions), pursuant to Rule 30 of the Code, to the Accepting Shareholders (or in the case

LETTER TO SHAREHOLDERS

of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the Accepting Shareholders as soon as practicable and in any case:

- (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 unconditional in all respects, within seven (7) Business Days after the Offer becomes or is declared unconditional in all respects; or
- (b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared unconditional in all respects, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

3. ANNOUNCEMENTS

3.1 **Timing and Contents.** Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day ("**Relevant Day**") immediately after the day on which the Offer is due to expire, becomes or is declared unconditional as to acceptances, revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (excluding treasury shares) (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;
- (b) held by the Offeror and its Concert Group before the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror and its Concert Group during the Offer Period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 **Suspension.** Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements in **Paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares and, where appropriate, the Offeror's Shares until the relevant information is given.

3.3 **Valid Acceptances for Offer Shares.** Under Rule 28.1 of the Code, subject to **Paragraph 4** of this **Appendix 1**, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

4. RIGHT OF WITHDRAWAL

4.1 Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

4.2 If the Offer has become or been declared unconditional as to acceptances, but the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3:30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:

- (a) Shareholders holding Offer Shares which are deposited with CDP and who have accepted the Offer will be entitled to withdraw their acceptance by written notice to Wong Siu Fai, c/o The Central Depository (Pte) Limited, 11 North Buona Vista Drive, #06-07, The Metropolis Tower 2, Singapore 138589; and
- (b) Shareholders holding Offer Shares which are not deposited with CDP and who have accepted the Offer will be entitled to withdraw their acceptance by written notice to Wong Siu Fai, c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619.

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Such notice of withdrawal shall be effective only if signed by the Accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

4.3 *Subject to Rule 22.9 of the Code, this right of withdrawal may be terminated not less than eight (8) days after the Relevant Day by the Offeror confirming (if that be the case) that the Offer is still unconditional and complying with Rule 28.1 of the Code. For the purpose of the 14-day period referred to in Rule 22.6 of the Code (referred to in Section 4.3 of this Offer Document), such period will run from the date of such confirmation (if given), or the date on which the Offer would otherwise have expired, whichever is later.*

4.4 *A Shareholder who accepts the Offer will be entitled to withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared unconditional as to acceptances."*

2.4 Procedures for Acceptance. The procedures for acceptance are set out in Paragraph 6 and Appendix 2 of the Offer Document, extracts of which are set out below.

"6. PROCEDURES FOR ACCEPTANCE

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

...

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

1. DEPOSITORS

1.1 Depositors whose Securities Accounts are credited with Offer Shares. *If you have Offer Shares standing to the credit of your Securities Account, you should receive this Offer Document together with the FAA.*

If you wish to accept the Offer, you should:

(a) *complete the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Offer. If you:*

(i) *do not specify such number; or*

(ii) *specify a number which exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date),*

you shall be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date.

*If, at the time of verification by CDP of the FAA on the Date of Receipt, **Paragraph 1.1(a)(ii)** applies, and there are outstanding settlement instructions with CDP to receive further Shares into the "Free Balance" of your Securities Account ("**Unsettled Buy Position**"), and the Unsettled Buy Position settles such that the Shares in the*

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Unsettled Buy Position are transferred to the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. (Singapore time) on the Closing Date (“**Settled Shares**”), you shall be deemed to have accepted the Offer in respect of the balance number of Shares specified in the FAA which have not yet been accepted pursuant to **Paragraph 1.1(a)(ii)**, or the number of Settled Shares, whichever is less;

- (b) sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and
- (c) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):
 - (i) **by hand**, to Wong Siu Fai, c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or
 - (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Wong Siu Fai, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date. If the duly completed and signed original FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares through CDP, you need not forward the Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. Purchasers of the Offer Shares should note that CDP will, for and on behalf of the Offeror, send a copy of this Offer Document and the FAA by ordinary post at the purchasers’ own risk to their respective mailing addresses as they appear in the records of CDP. If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. Such Electronic Acceptance must be submitted **not later than 5.30 p.m. (Singapore time) on the Closing Date**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed, signed in its originality and delivered to CDP.

- 1.2 **Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive this Offer Document together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

If you wish to accept the Offer in respect of such Offer Shares, you should, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares purchased:

- (a) complete and sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and
- (b) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):
 - (i) **by hand**, to Wong Siu Fai, c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or

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- (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to Wong Siu Fai, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date. If the duly completed and signed original FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

1.3 **Rejection.**

If you purchase Offer Shares on the SGX-ST, your acceptance in respect of such Offer Shares will be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), save where you had indicated the number of Offer shares you wish to tender in acceptance of the Offer in the FAA and there is an Unsettled Buy Position at the time of verification by CDP of the FAA on the Date of Receipt. If the Unsettled Buy Position does not settle by 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Shares will be rejected. None of the Offeror, Hong Leong Finance or CDP accepts any responsibility or liability in relation to such a rejection, including the consequences for such a rejection.

- 1.4 **Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, a FAA in respect of such Offer Shares bearing your name and Securities Account number will be sent to you by CDP and if you wish to accept the Offer in respect of the Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares, complete, sign and return the FAA in accordance with the instructions contained therein and in this Offer Document. If you do not receive that FAA, you may obtain a copy, upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

- 1.5 **Acceptance via SGX-SFG service.** Depository Agents may accept the Offer via the SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents. CDP has been authorised by the Offeror to receive acceptances on its behalf. Such acceptances will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

- 1.6 **General.** No acknowledgement will be given by CDP for submissions of the FAA made by hand or by post or deposited into boxes located at CDP's premises. All communications, notices, documents and payments will be sent by ordinary post at your own risk to your mailing address appearing in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares in your Securities Account. You can verify the number of Offer Shares in your Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service; or (b) CDP Phone Service using SMS OTP, under the option "To check your securities balance".

- 1.7 **Blocked Balance.** Upon receipt by CDP, for and on behalf of the Offeror, of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Offer Shares will be held in the "Blocked Balance" until the consideration for such Offer Shares has been despatched to you.

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- 1.8 **Return of Offer Shares.** *In the event the Offer does not become or is not declared unconditional in all respects in accordance with its terms, the relevant Offer Shares in respect of which you have accepted the Offer will be returned to the “Free Balance” of your Securities Account as soon as possible but, in any event not later than 14 days from the lapse of the Offer.*
- 1.9 **Notification.** *If you have accepted the Offer in accordance with the provisions contained in this Offer Document and the FAA, and the Offer becomes or is declared unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary post to your mailing address as recorded with CDP, or in such other manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.*
- 1.10 **No Securities Account.** *If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.*

2. SCRIP HOLDERS

- 2.1 **Shareholders whose Offer Shares are not deposited with CDP.** *If you hold Offer Shares which are not deposited with CDP (“in scrip form”), you should receive this Offer Document together with the FAT.*

If you wish to accept the Offer, you should:

- (a) *complete and sign the FAT in accordance with the provisions of this Offer Document and the instructions printed on the FAT. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Offer. If you:*
- (i) *do not specify such number in the FAT; or*
 - (ii) *specify a number which exceeds the number of Offer Shares represented by the share certificate(s) attached to the FAT and/or other document(s) of title accompanying the FAT,*
- you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the share certificate(s) attached to the FAT and/or other document(s) of title accompanying the FAT;*
- (b) *sign the FAT in accordance with this Offer Document and the instructions printed on the FAT; and*
- (c) *deliver:*
- (i) *the duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated);*
 - (ii) *the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this **Appendix 2** and the FAT; and*

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(iii) any other relevant document(s),

either **by hand or by post**, in the enclosed pre-addressed envelope at your own risk, to Wong Siu Fai, c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, **so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date**. If the duly completed and signed original FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

If your share certificate(s), transfer form(s) and/or any other relevant document(s) of title and/or other documents required by the Offeror is/are not readily available or is/are lost, the FAT should nevertheless be completed and returned by the aforesaid time and the share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror should be forwarded to Wong Siu Fai, c/o RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, as soon as possible thereafter but in any event before 5.30 p.m. (Singapore time) on the Closing Date.

If your Offer Shares are represented by share certificate(s) which are not registered with the Company in your name, you must send in, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror together with the duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated), accompanied by transfer form(s), duly completed and executed by the person(s) registered with the Company as the holder(s) of the Offer Shares and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person nominated in writing by the Offeror as the transferee or a person authorised by either).

- 2.2 **Receipt.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer forms or any other relevant document(s) required by the Offeror will be given.
- 2.3 **Payment.** If you have accepted the Offer in accordance with the provisions contained in this Offer Document and the FAT, and the Offer becomes or is declared unconditional in all respects in accordance with its terms, payment will be sent to you (or your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the Register) by ordinary post to your mailing address appearing in the Register at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount.
- 2.4 **Return of Offer Shares.** In the event of the Offer not becoming or not being declared unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you as soon as possible but, in any event, not later than 14 days from the lapse of the Offer.

3. GENERAL

- 3.1 **Disclaimer and Discretion.** The Offeror, Hong Leong Finance, the Registrar and/or CDP will be authorised and entitled, at their sole and absolute discretion, to reject any acceptance of the Offer which is not entirely in order or which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is/are properly completed in all respects, originally signed and all required documents, where applicable, are provided. Any decision to reject the FAA and/or the FAT, as the case may be, on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted unsigned or signed but not in its originality will be final and binding and none of the Offeror, Hong Leong Finance, the Registrar and/or CDP accepts any responsibility or liability for such a decision (including the consequences thereof). The Offeror

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and Hong Leong Finance each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions herein and instructions printed on the FAA and/or the FAT, as the case may be. CDP takes no responsibility for any decision made by the Offeror or Hong Leong Finance.

- 3.2 **Scrip and Scripless Offer Shares.** If you hold some Offer Shares in scrip form and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this **Appendix 2** and the Relevant Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.
- 3.3 **Deposit Time.** If you hold Offer Shares in scrip form, you should not deposit the share certificate(s) through CDP on or after the Despatch Date as the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer. If you wish to accept the Offer in respect of such Offer Shares, you should complete a FAT and follow the procedures set out in **Paragraph 2** of this **Appendix 2**.
- 3.4 **Acceptances received on Saturday, Sunday and public holidays.** Acceptances in the form of the FAA and/or the FAT, as the case may be, to CDP and/or the Registrar on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.
- 3.5 **Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the records of CDP or the Register, as the case may be) will be sent by ordinary post to your mailing addresses appearing in the records of CDP, the address as it appears in the FAT or the Register (if no such address is indicated in the FAT), as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAA and/or the FAT, as the case may be, at your own risk).
- 3.6 **Evidence of Title.** Delivery of the duly completed and signed original FAA and/or FAT, together with the relevant share certificate(s) and/or other documents of title (where applicable) and/or other relevant document(s) required by the Offeror, CDP and/or the Registrar, to the Offeror, CDP and/or the Registrar, as the case may be, shall be conclusive evidence in favour of the Offeror, CDP and/or the Registrar, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.
- 3.7 **Loss in Transmission.** The Offeror, Hong Leong Finance, the Registrar and/or CDP, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.
- 3.8 **Acceptance Irrevocable.** Except as expressly provided in this Offer Document and/or the Code, acceptances of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.
- 3.9 **Personal Data Privacy.** By completing and delivering a Relevant Acceptance Form, each person (a) consents to the collection, use and disclosure of his personal data by CDP, the Registrar, the Offeror, Hong Leong Finance and the Company ("**Relevant Entities**") for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Entities to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, listing rules, regulations and/or guidelines; and (c) agrees that he will indemnify the Relevant Entities in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty."

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- 2.5 **Closing Date.** The Offer will close at **5.30 p.m. (Singapore time) on 23 January 2019**, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer.

3. INFORMATION ON THE OFFEROR

Paragraph 7 of the Offer Document sets out the information on the Offeror, extracts of which are set out below.

“7. INFORMATION ON THE OFFEROR

Introduction. *The Offeror is a businessman primarily based in Hong Kong and engaged in the real estate investment and development, hospitality operation and management, and equity investment businesses in China. He is a director of Hong Kong Sunrise Holdings Limited, a company incorporated in Hong Kong and principally engaged in the real estate, hospitality and investment industries. The Offeror has accumulated over 30 years of experience in the hospitality and real estate industries, and is currently planning to diversify his business overseas and globally.*

As the Offeror is an individual, the requirements on financial disclosures relating to companies as set out in the Code will not be applicable to him.”

4. INFORMATION ON THE COMPANY

Paragraph 8 of the Offer Document sets out the information on the Company, extracts of which are set out below. Please refer to Appendix B of this Circular for additional information on the Company.

“8. INFORMATION ON THE COMPANY

- 8.1 **Introduction.** *Based on publicly available information, the Company was incorporated in Singapore in 1982 and is listed on the Catalist board of the SGX-ST.*

The principal activities of the Group are the trading and distribution of electrical products, the manufacture and assembly of electrical distribution and control equipment, and the provision of property consultancy and management services in the real estate and hospitality industries.

The Group mainly operates in three markets - Singapore, Malaysia and China. China was a newly added geographical market as the Group ventured into the property management, real estate and hospitality businesses in 2017, in line with its diversification strategy.

- 8.2 **Directors of the Company.** *As at the Latest Practicable Date, the directors of the Company are Zheng Aimin (Independent Non-Executive Chairman), Zhang Zhi Liang (Executive Director and Chief Executive Officer), Ng Clarence Kar Lung (Executive Director), Chew Vincent (Non-Executive Director), Huang Anna Yi (Non-Executive Director) and Tang An (Independent Director).*

Huang Anna Yi is the daughter of the Offeror, and the wife of Ng Clarence Kar Lung.

Ng Clarence Kar Lung is the son-in-law of the Offeror.

- 8.3 **Share Capital of the Company.** *Based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on the Latest Practicable Date, the Company has only one class of shares in issue, being ordinary shares in the Company and there are 178,337,290 Shares.”*

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5. RATIONALE FOR THE OFFER

Paragraph 9 of the Offer Document sets out the rationale for the Offer, extracts of which are set out below.

“9. RATIONALE FOR THE OFFER

9.1 Compliance with the Code.

*As set out in **Section 1** of this Offer Document, the Offeror is making the Offer in compliance with the requirements of the Code.*

9.2 Opportunity for Shareholders to Realise their Investment in Cash at a Premium.

The Offer Price represents a premium of approximately 38.2% and 24.1% over the VWAP of the Shares for the one-month and three-month periods respectively up to and including the Last Trading Day.

The Offer presents Shareholders with an opportunity to realise their entire investment in the Shares in cash at a premium over the last traded price prior to the trading halt on the Shares.”

6. OFFEROR’S INTENTION FOR THE COMPANY

Paragraph 10 of the Offer Document sets out the Offeror’s intention for the Company, extracts of which are set out below. **Shareholders are advised to read the extracts below carefully and note the Offeror’s future plans for the Company.**

“10. OFFEROR’S INTENTION FOR THE COMPANY

The Offeror presently has no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the employees of the Group, other than in the normal course of business.

Upon completion of the Offer, the Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. As part of the review, the Offeror may undertake an assessment of the human resource requirements of the Group in line with the future corporate direction of the Group. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company.”

7. LISTING STATUS AND COMPULSORY ACQUISITION

Paragraph 11 of the Offer Document sets out the Offeror’s intentions in relation to the listing status and compulsory acquisition of the Company, extracts of which are set out below.

“11. LISTING STATUS AND COMPULSORY ACQUISITION

11.1 Listing Status.

*Pursuant to Rule 723 of the Catalist Rules, the Company must ensure that at least 10% of the total number of Shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public (the “**Free Float Requirement**”).*

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Pursuant to Rule 1104 of the Catalist Rules, in the event that the Offeror and the Concert Group should, as a result of the Offer or otherwise, own or control more than 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public.

In addition, under Rule 724(1) of the Catalist Rules, if the Free Float Requirement is not complied with, the Company must, as soon as possible, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the percentage of the Shares held by members of the public to be raised to at least 10%, failing which the Company may be delisted from the SGX-ST.

- 11.2 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, in the event that 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 Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") at a price equal to the Offer Price.

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

- 11.3 **Offeror's Intentions.** It is the current intention of the Offeror to maintain the listing status of the Company on the Catalist board of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that the Company does not meet the Free Float Requirement at the close of the Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in **Section 11.2** above depending on, inter alia, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time."

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8. FINANCIAL ASPECTS OF THE OFFER

Paragraph 12 of the Offer Document sets out the financial aspects of the Offer, extracts of which are set out below.

“12. FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premium over / discount to the historical transacted prices of the Shares on the SGX-ST over various periods:

Period	Benchmark Price⁽¹⁾⁽²⁾ (S\$)	Premium over / (Discount to) Benchmark Price⁽³⁾ (%)
<i>Last traded price of the Shares on the SGX-ST on the Last Trading Day</i>	<i>0.0140</i>	<i>21.4%</i>
<i>VWAP per Share for the one-month period up to and including the Last Trading Day</i>	<i>0.0123</i>	<i>38.2%</i>
<i>VWAP per Share for the three-month period up to and including the Last Trading Day</i>	<i>0.0137</i>	<i>24.1%</i>
<i>VWAP per Share for the six-month period up to and including the Last Trading Day</i>	<i>0.0308⁽⁴⁾</i>	<i>(44.8%)</i>
<i>VWAP per Share for the 12-month period up to and including the Last Trading Day</i>	<i>0.0482⁽⁵⁾</i>	<i>(64.7%)</i>

Notes:

(1) Based on data extracted from Bloomberg L.P.

(2) Figures rounded to the nearest four (4) decimal places.

(3) Percentages rounded to the nearest one (1) decimal place.

(4) The VWAP per Share of S\$0.040 (as reported by Bloomberg L.P.) on 7 March 2018 was used to calculate the Benchmark Price for the six-month period up to and including the Last Trading Day as there were no trades done on the Shares in the months of April, May and June 2018. If the Benchmark Price for the six-month period up to and including the Last Trading Day is calculated using the VWAP per Share of S\$0.022 (as reported by Bloomberg L.P.) on 13 July 2018, the Offer Price will represent a premium of 14.8% over the Benchmark Price.

(5) The VWAP per Share of S\$0.049 (as reported by Bloomberg L.P.) on 27 October 2017 was used to calculate the Benchmark Price for the 12-month period up to and including the Last Trading Day as there were no trades done on the Shares in the month of November 2017.”

9. DISCLOSURES

Paragraph 13 and Appendix 4 of the Offer Document set out certain information relating to disclosures of holdings and dealings in the Company Securities by the Offeror, extracts of which are set out below.

“13. DISCLOSURES

13.1 Offeror and its Concert Group. As at the Latest Practicable Date, save as disclosed in **Appendix 4**, none of the Offeror and its Concert Group:

(a) owns, controls or has agreed to acquire any Company Securities; or

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(b) *has dealt for value in any Company Securities during the Relevant Period.*

13.2 No other Arrangements. *As at the Latest Practicable Date, none of the Offeror and its Concert Group has:*

- (a) *entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;*
- (b) *received any irrevocable undertaking from any party to accept or reject the Offer in respect of any Company Securities;*
- (c) *granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;*
- (d) *borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or*
- (e) *lent any Company Securities to any person.*

...

APPENDIX 4 – HOLDINGS AND DEALINGS

1. HOLDINGS IN COMPANY SECURITIES

Save as disclosed below, as at the Latest Practicable Date, the Offeror and its Concert Group do not own or control any Company Securities:

Name	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Central Point Investment (S) Pte. Ltd. ⁽¹⁾	13,185,000	7.39	39,827,815	22.33	53,012,815	29.73
LC International Holdings Pte. Ltd. ⁽²⁾	–	–	53,012,815	29.73	53,012,815	29.73
QAL	8,000,000	4.49	–	–	8,000,000	4.49
HKZT ⁽³⁾	–	–	8,000,000	4.49	8,000,000	4.49
Hong Kong Sunrise Wealth Management Limited ⁽⁴⁾	–	–	8,000,000	4.49	8,000,000	4.49
H Wealth Management Co. Limited ⁽⁵⁾	–	–	61,012,815	34.22	61,012,815	34.22
Offeror ⁽⁶⁾	–	–	61,012,815	34.22	61,012,815	34.22

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Notes:

- (1) Central Point Investment (S) Pte. Ltd. (“CPI”) is directly interested in 13,185,000 Shares held in its own name, and is deemed interested in 39,827,815 Shares held through UOB Kay Hian Private Limited by virtue of Section 7 of the Companies Act.
- (2) LC International Holdings Pte. Ltd. (“LC”) is deemed interested in the Shares held by CPI through its 100% interest in the issued share capital of CPI.
- (3) HKZT is deemed interested in all the 8,000,000 Shares held by QAL through its 90% interest in the issued share capital of QAL.
- (4) Hong Kong Sunrise Wealth Management Limited (“HKSW”) is deemed interested in all the 8,000,000 Shares held by QAL through its 100% interest in the issued share capital of HKZT.
- (5) H Wealth Management Co. Limited (“HWM”) is deemed interested in the Shares held by CPI and QAL through its 100% interest in the issued share capital of LC and HKSW respectively.
- (6) The Offeror is deemed interested in the Shares held by CPI and QAL through his 100% interest in the issued share capital of HWM.

2. DEALINGS IN COMPANY SECURITIES

The dealings in Company Securities by each of the Offeror and its Concert Group (if any) during the Reference Period are set out below:

Name	Date	No. of Shares Acquired	No. of Shares Disposed	Transaction Price per Share (S\$)
HKZT ⁽¹⁾	6 December 2018	8,000,000	—	0.017
HKSW ⁽²⁾	6 December 2018	8,000,000	—	0.017
HWM ⁽³⁾	6 December 2018	8,000,000	—	0.017
Offeror ⁽⁴⁾	6 December 2018	8,000,000	—	0.017

Notes:

- (1) As disclosed in **Section 1.1** of this Offer Document, HKZT acquired the QAL Sale Shares from CCH, representing 90% of the total issued and paid-up share capital of QAL. Following this Acquisition, HKZT is deemed interested in all the 8,000,000 Shares held by QAL through its 90% interest in the issued share capital of QAL.
- (2) HKSW is deemed interested in all the 8,000,000 Shares held by QAL through its 100% interest in the issued share capital of HKZT.
- (3) HWM is deemed interested in all the 8,000,000 Shares held by QAL through its 100% interest in the issued share capital of HKSW.
- (4) The Offeror is deemed interested in all the 8,000,000 Shares held by QAL through his 100% interest in the issued share capital of HWM.”

10. CONFIRMATION OF FINANCIAL RESOURCES

Paragraph 14 of the Offer Document sets out certain information on the confirmation of financial resources by Hong Leong Finance, extracts of which are set out below.

“14. CONFIRMATION OF FINANCIAL RESOURCES

Hong Leong Finance, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full, all acceptances of the Offer on the basis of the Offer Price.”

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11. INDEPEDENCE OF THE DIRECTORS

The following Directors are exempted from making a recommendation to the Shareholders in respect of the Offer, for the following reasons:

- (i) Ms Huang Anna Yi is the daughter of the Offeror, and the wife of Mr Ng Clarence Kar Lung;
- (ii) Mr Ng Clarence Kar Lung is the son-in-law of the Offeror, and the husband of Ms Huang Anna Yi;
- (iii) Ms Huang Anna Yi is a director of HKZT, an entity incorporated in Hong Kong, which is beneficially owned by the Offeror through his indirect interest in the issued share capital of HKZT; and
- (iv) Ms Huang Anna Yi is a director of Central Point Investment (S) Pte. Ltd. ("**Central Point**"), an entity incorporated in Singapore, which is beneficially owned by the Offeror through his 100% shareholdings in the share capital of LC International Holdings Ltd. and H Wealth Management Co. Limited, which in turn hold 100% shares in the share capital of Central Point. The Offeror is also a director of Central Point.

Accordingly, each of the Non-Recommendating Directors is a party presumed to be acting in concert with the Offeror under the Code and would face, or may reasonably be perceived to face, a conflict of interest that would render each of them inappropriate to join the remainder of the Directors in making a recommendation on the Offer to the Shareholders.

The SIC has ruled that the Non-Recommendating Directors are exempted from the requirement to make a recommendation on the Offer to the Shareholders, as they face an irreconcilable conflict of interest being concert parties of the Offeror. The Non-Recommendating Directors must, nonetheless, still assume responsibility for the accuracy of the facts stated or opinions expressed in the documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

All of the Recommending Directors consider themselves independent for the purposes of making a recommendation on the Offer. For completeness, the shareholdings (if any) of the Recommending Directors in the Company are as set out in Appendix B of this Circular.

12. ADVICE OF THE IFA ON THE OFFER

- 12.1 **IFA.** Novus Corporate Finance Pte. Ltd. has been appointed as the IFA to advise the Recommending Directors in respect of the Offer. Shareholders should read and consider carefully the advice of the IFA to the Recommending Directors in respect of the Offer as set out in the IFA Letter (set out in Appendix A herein) and the recommendation of the Recommending Directors to the Shareholders as set out in Paragraph 13 of this Circular before deciding whether to accept or reject the Offer.
- 12.2 **Factors taken into consideration by the IFA.** In arriving at its advice, the IFA has taken into account several key factors as summarised in paragraph 9 of the IFA Letter.

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

- 12.3 **Advice of the IFA to the Recommending Directors in respect of the Offer.** Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has rendered its advice to the Recommending Directors as set out in paragraph 9 of the IFA Letter, an extract of which is reproduced below. Shareholders should read the extract below in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

LETTER TO SHAREHOLDERS

“Having considered the aforesaid points including the various factors set out in this letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are not fair and not reasonable. Accordingly, we advise the Recommending Directors to recommend that Shareholders reject the Offer.”

13. RECOMMENDATION OF THE RECOMMENDING DIRECTORS

The Recommending Directors, having considered carefully the terms of the Offer and the advice given by the IFA to the Recommending Directors in the IFA Letter, **CONCUR** with the advice of the IFA in respect of the Offer and accordingly recommend that Shareholders **REJECT** the Offer.

Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully. Shareholders are also advised to read the IFA Letter set out in Appendix A to this Circular carefully and to consider the recommendation of the Recommending Directors in its entirety before deciding whether to accept or reject the Offer. Shareholders should note that the advice of the IFA to the Recommending Directors in respect of the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer.

Shareholders are also advised to take note that there is no assurance that the market price of the Shares will remain at current prevailing levels after the close of the Offer, and that the past trading performance of the Shares may not in any way be relied upon as an indication of the future price performance levels of the Shares.

Further, in rendering the above recommendation, the Recommending 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 Recommending 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.

14. OVERSEAS SHAREHOLDERS

- 14.1 **Availability of Offer.** The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdiction in which they are located. Overseas Shareholders should refer to Paragraph 15 of the Offer Document, extracts of which are set out below.

“15. OVERSEAS SHAREHOLDERS

- 15.1 **Overseas Shareholders.** *This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document and the Relevant Acceptance Forms to any overseas jurisdictions, the Offeror and Hong Leong Finance reserve the right not to send this Offer Document and the Relevant Acceptance Forms to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP (each, an “Overseas Shareholder”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document and the Relevant Acceptance Forms have not been, or will not be, sent.*

LETTER TO SHAREHOLDERS

- 15.2 **Copies of the Offer Document.** Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date from RHT Corporate Advisory Pte. Ltd. (if he is a scrip holder) at 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to RHT Corporate Advisory Pte. Ltd. (if he is a scrip holder) at 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.
- 15.3 **Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including Hong Leong Finance, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Sections 215(1) or 215(3) of the Companies Act. In (i) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, Hong Leong Finance, CDP and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.
- 15.4 **Notice.** The Offeror and Hong Leong Finance each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.”
- 14.2 **Copies of Circular.** This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date, from the offices of the Registrar at 9 Raffles Place, #29-01 Republic Plaza Tower 1 Singapore 048619, up to five (5) Market Days prior to the Closing Date. Alternatively, an Overseas Shareholder may write to the Registrar at the aforementioned address to request for this Circular and any related documents to be sent to an address in Singapore by ordinary post at his/her own risk, up to five (5) Market Days prior to the Closing Date. Shareholders may also download a copy of this Circular from the website of the SGX-ST at www.sgx.com.

In requesting for this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

LETTER TO SHAREHOLDERS

15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

Paragraph 16 of the Offer Document sets out information relating to CPFIS Investors and SRS Investors, extracts of which are set out below.

“16. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their CPF Agent Banks and SRS Agent Banks respectively. 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. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts.”

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than 5.30 p.m. (Singapore Time) on 23 January 2019, being the Closing Date, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 of the Offer Document, and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by the CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

17. CONSENTS

Novus Corporate Finance Pte. Ltd., named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter set out in Appendix A of this Circular, and the references thereto, in the form and context in which they appear in this Circular.

KPMG LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and the audited financial statements of the Group for FY2017 set out in Appendix C of this Circular, and the references thereto, in the form and context in which they appear in this Circular.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 20 Cross Street #02-01/02 China Square Central, Singapore 048422 during normal business hours from the date of this Circular up to and including the date of the Closing Date:-

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2015, FY2016 and FY2017;

LETTER TO SHAREHOLDERS

- (c) the IFA Letter as set out in Appendix A of this Circular;
- (d) the unaudited financial statements of the Group for 1HY2018 as set out in Appendix D of this Circular; and
- (e) the letters of consent referred to in Paragraph 17 of this Circular.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the IFA Letter (for which the IFA takes responsibility), (b) the information extracted from the Offer Announcement and the Offer Document, and (c) the information relating to the Offeror, the Directors (including any who may have delegated detailed supervision of this Circular) jointly and severally accept full responsibility for the accuracy of information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

Where any information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and Offer Document), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources and/or reproduced in this Circular in its proper form and context.

20. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
SUNRISE SHARES HOLDINGS LTD.

Zhang Zhi Liang

Executive Director and Chief Executive Officer

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

NOVUS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 201723484W)
(Incorporated in the Republic of Singapore)

9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

9 January 2019

To: The Recommending Directors of Sunrise Shares Holdings Ltd.
(in relation to the Offer (as defined below))

Zheng Aimin
Zhang Zhi Liang
Chew Vincent
Tang An

Dear Sirs,

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

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 9 January 2019 (the “Circular”) issued by the Company to the shareholders of the Company (the “Shareholders”) shall have the same meanings herein.

1. INTRODUCTION

On 6 December 2018, Hong Leong Finance Limited (“HLF”) announced, for and on behalf of Wong Siu Fai (the “Offeror”), that Hong Kong Zhong Tong Wealth Management Limited (“HKZT”), a company controlled by the Offeror, had on 6 December 2018 acquired from Cheung Chi Hung (“CCH”) an aggregate of 9,000 ordinary shares (the “QAL Sale Shares”) in the capital of Quality Able Limited (“QAL”), representing 90% of the total issued and paid-up share capital of QAL (the “Acquisition”) at the price of S\$13.60 per QAL Sale Share, for a total consideration of S\$122,400. QAL held 8,000,000 issued ordinary shares (the “Shares”) in the capital of Sunrise Shares Holdings Ltd. (the “Company”), representing approximately 4.49% of the total number of issued Shares.

Prior to the Acquisition, the Offeror owned or controlled, directly or indirectly, in aggregate 53,012,815 Shares, representing approximately 29.73% of the total issued Shares. As a result of the Acquisition, the Offeror owns or controls an aggregate of 61,012,815 Shares, representing approximately 34.21% of the total number of issued Shares¹.

As a consequence of the Acquisition, HLF, for and on behalf of the Offeror, had on 6 December 2018 (the “Offer Announcement Date”) announced (the “Offer Announcement”) that the Offeror is required to make a mandatory conditional cash offer (the “Offer”) for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror (the “Offer Shares”), in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) and Rule 14 of the Singapore Code on Takeovers and Mergers (the “Code”).

¹ As a result of the Acquisition, the Offeror holds an indirect interest in 90% of the total issued and paid-up share capital of QAL and is therefore deemed interested in all the 8,000,000 Shares held by QAL.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

In connection with the Offer, Novus Corporate Finance Pte. Ltd. (“**NCF**”) has been appointed by the Company as the independent financial adviser (the “**IFA**”) to the directors who are considered independent in respect of the Offer (the “**Recommending Directors**”) for the purpose of making a recommendation to Shareholders in respect of the Offer.

This letter is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation of the financial terms of the Offer and our advice thereon, and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Recommending Directors to the Shareholders.

2. TERMS OF REFERENCE

We have been appointed to advise the Recommending Directors on the financial terms of the Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the strategic, legal, 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 (collectively, the “**Group**”) or the method and terms by which the Offer has been made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the directors of the Company (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 and advice 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 Group. We have also relied on the information and representations, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular, provided by the management of the Company (the “**Management**”) and the Directors. We have not independently verified such information or representations, 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 or representations. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary in assessing the information and representations provided to us and have found no reason to doubt the reliability of the information and representations.

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

For the purposes of assessing the financial terms of the Offer and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the Offer. We will

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group. As such, we have relied on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any independent valuation or appraisal reports.

Our analysis, opinion and advice as set out in this letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 2 January 2019 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion and advice, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we advise the Recommending Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in 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 and advice in respect of the Offer, as set out in paragraph 9 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. THE OFFER

Shareholders should have by now received a copy of the offer document dated 26 December 2018 (the “**Offer Document**”) that contains the formal offer by HLF, for and on behalf of the Offeror, to acquire all the Offer Shares, subject to the terms and conditions of the Offer as set out in the Offer Document. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below:

3.1 Offer Price

The offer price for each Offer Share is S\$0.017 in cash (the “**Offer Price**”).

3.2 Rights and Encumbrances

The Offer Shares will be acquired:

- (a) properly and validly issued and fully paid-up;
- (b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, encumbrances, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature (“**Encumbrances**”); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including all voting rights and the right

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to receive and retain all dividends, rights other distributions and return of capital (“**Distribution**”) (if any) which may be announced or declared by the Company or the entitlement to which is determined by the Company, each on or after the Offer Announcement Date.

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

3.3 Minimum Acceptance Condition

The Offer is conditional upon the Offeror having received, by the closing date of the Offer (the “**Closing Date**”), 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 parties acting or deemed to be acting in concert with it (“**Concert Group**”) (either before or during the Offer and pursuant to the Offer or otherwise), would result in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the total voting rights attributable to the issued Shares (excluding treasury shares).

The Offer is not subject to any other condition.

3.4 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent and warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) properly and validly issued and fully paid-up; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including all voting rights and the right to receive and retain all Distribution which may be announced or declared by the Company or the entitlement to which is determined by the Company, each on or after the Offer Announcement Date.

3.5 Further Details of the Offer

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

Please refer to Appendix 2 to the Offer Document and the accompanying form of acceptance and authorisation for Offer Shares (“**FAA**”) and/or form of acceptance and transfer for Offer Shares (“**FAT**”) (as the case may be) for the procedures for acceptance of the Offer.

4. INFORMATION ON THE OFFEROR

The information on the Offeror has been extracted from section 7 of the Offer Document and is reproduced as follows:

“The Offeror is a businessman primarily based in Hong Kong and engaged in the real estate investment and development, hospitality operation and management, and equity investment businesses in China. He is a director of Hong Kong Sunrise Holdings Limited, a company incorporated in Hong Kong and principally engaged in the real estate, hospitality and investment industries. The Offeror has accumulated over 30 years of experience in the hospitality and real estate industries, and is currently planning to diversify his business overseas and globally.

As the Offeror is an individual, the requirements on financial disclosures relating to companies as set out in the Code will not be applicable to him.”

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5. INFORMATION ON THE COMPANY

Please refer to section 8 and Appendix 3 to the Offer Document and Appendix B to the Circular for information on the Company.

6. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from section 9 of the Offer Document and is reproduced below:

“9.1 Compliance with the Code

*As set out in **Section 1** of the Offer Document, the Offeror is making the Offer in compliance with the requirements of the Code.*

9.2 Opportunity for Shareholders to Realise their Investment in Cash at a Premium

The Offer Price represents a premium of approximately 38.2% and 24.1% over the VWAP of the Shares for the one-month and three-month periods respectively up to and including the Last Trading Day.

The Offer presents Shareholders with an opportunity to realise their entire investment in the Shares in cash at a premium over the last traded price prior to the trading halt on the Shares.

7. THE OFFEROR’S INTENTIONS IN RELATION TO THE COMPANY

The full text of the Offeror’s intentions in relation to the Company has been extracted from section 10 of the Offer Document and is reproduced below:

“The Offeror presently has no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the employees of the Group, other than in the normal course of business.

Upon completion of the Offer, the Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. As part of the review, the Offeror may undertake an assessment of the human resource requirements of the Group in line with the future corporate direction of the Group. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company.”

8. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

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

- (a) the historical market price performance and trading activity of the Shares;
- (b) the historical Share price performance relative to market index;
- (c) the net asset value (“NAV”) and net cash position of the Group;
- (d) the historical financial performance of the Group;
- (e) the valuation ratios of selected listed companies which principal business activities are broadly comparable to those of the Group;

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- (f) selected precedent non-privatisation transactions on the Singapore Exchange Securities Trading Limited (the “SGX-ST”); and
- (g) other relevant considerations.

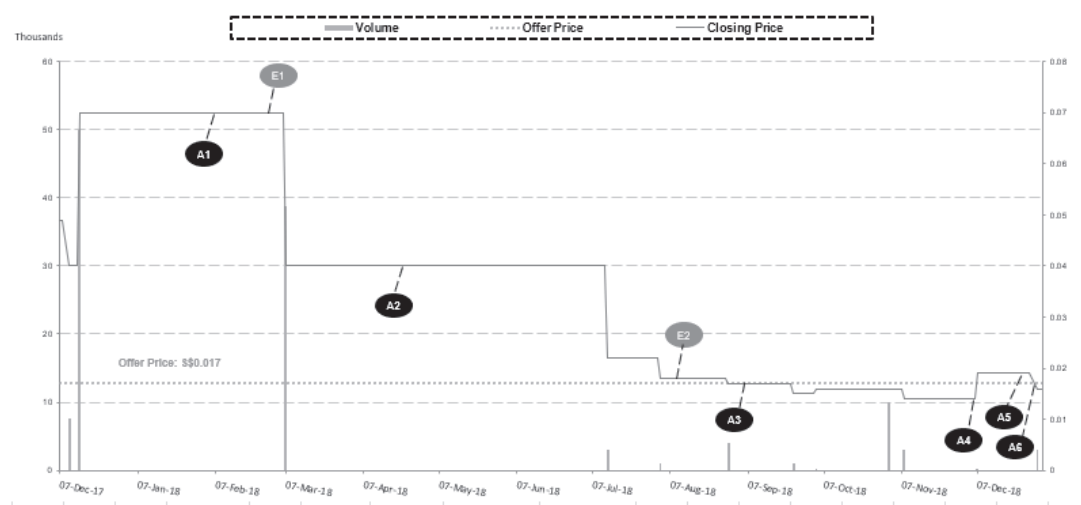
The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates, have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial and Risk business), the SGX-ST and/or other public filings as at the Latest Practicable Date or as provided by the Company where relevant. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

8.1 Historical Market Price Performance and Trading Activity of the Shares

We have compared the Offer Price to the daily closing prices of the Shares for (a) the one-year period prior to the Offer Announcement on 6 December 2018; and (b) the period after the Offer Announcement and up to the Latest Practicable Date.

The daily closing prices and daily trading volumes of the Shares from 7 December 2017 to the Latest Practicable Date are set out below:

Daily closing prices and daily trading volumes of the Shares for the period commencing one year prior to the Offer Announcement and ending on the Latest Practicable Date



Source: Thomson Reuters Eikon and the Company's announcements on the SGXNet

Earnings announcements:

- E1. 2 March 2018:** The Company announced its unaudited financial statements for the financial year ended 31 December 2017 (“FY2017”), in which the Company’s full-year net loss attributable to owners of the Company decreased by 89.6% from approximately S\$0.4 million in the financial year ended 31 December 2016 (“FY2016”) to approximately S\$0.04 million in FY2017.
- E2. 10 August 2018:** The Company announced its unaudited financial statements for the 6-month financial period ended 30 June 2018 (“1HY2018”), in which the Company recorded a net profit attributable to owners of the Company of approximately S\$0.5 million in 1HY2018 *vis-à-vis* a net loss attributable to owners of the Company of approximately S\$0.5 million for the 6-month financial period ended 30 June 2017 (“1HY2017”).

Other significant announcements:

- A1. 7 February 2018:** The Company announced that its wholly-owned subsidiary, Shenzhen Tonglin Development Limited, has changed its name to “Shenzhen Zhongtong Development Limited”. In addition, it was clarified that the Company’s wholly-owned subsidiaries, Shenzhen Sunrise Development Limited and Shenzhen Tonglin Development Limited (now known as Shenzhen Zhongtong Development Limited), own 30% and 70% equity interests in Shenzhen Zhongtong Consultancy Management Pte. Ltd. respectively.

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- A2. 23 April 2018:** The Company announced the appointment of Huang Anna Yi as the Non-Executive Director of the Company and the changes in the composition of the Board.
- A3. 6 September 2018:** The Company announced that the Company has appointed ZICO Capital Pte. Ltd. as its continuing sponsor with effect from 8 September 2018, in place of RHT Capital Pte. Ltd.
- A4. 6 December 2018:** The Company announced the Acquisition. As a consequence of the Acquisition, the Offer and the appointment of the independent financial adviser in respect of the Offer were announced by the Company.
- A5. 26 December 2018:** The Company announced the despatch of the Offer Document, together with the accompanying FAA and FAT, to the Shareholders.
- A6. 31 December 2018:** The Company announced the sustainability report of the Group for FY2017.

We observe that the trading in the Shares had been sporadic during the aforementioned period, of which the Shares were traded on only 10 Market Days out of the 248 Market Days for the one-year period prior to the Offer Announcement, and on only 2 Market Days out of the 17 Market Days for the period after the Offer Announcement and up to the Latest Practicable Date as follows:

Date	Daily closing price (S\$)	Daily trading volume
One-year period prior to the Offer Announcement		
11 December 2017	0.040	7,600
15 December 2017	0.070	50,000
7 March 2018	0.040	38,800
13 July 2018	0.022	3,000
3 August 2018	0.018	1,000
30 August 2018	0.017	4,000
25 September 2018	0.015	1,000
4 October 2018	0.016	100
2 November 2018	0.016	10,100
8 November 2018	0.014	3,100
Period after the Offer Announcement and up to the Latest Practicable Date		
7 December 2018	0.019	100
31 December 2018	0.016	3,000

Source: Thomson Reuters Eikon

During the one-year period prior to the Offer Announcement, the closing prices of the Shares were below the Offer Price of S\$0.017 on 4 Market Days (being 25 September 2018, 4 October 2018, 2 November 2018 and 8 November 2018) with such closing prices ranging between a low of S\$0.014 and a high of S\$0.016.

The closing prices of the Shares were above the Offer Price of S\$0.017 on 5 Market Days (being 11 December 2017, 15 December 2017, 7 March 2018, 13 July 2018 and 3 August 2018) with such closing prices ranging between a low of S\$0.018 and a high of S\$0.070.

The trading volume of the Shares for the one-year period prior to the Offer Announcement had been significantly low, and the daily volume of the Shares traded during the 10 Market Days ranged between a low of 100 Shares on 4 October 2018 and a high of 50,000 Shares on 15 December 2017.

During the period after the Offer Announcement and up to the Latest Practicable Date, the Shares closed at S\$0.016 on 31 December 2018 with a trading volume of 3,000 Shares. Save for 7 and 31 December 2018, there was no trading in the Shares during the period after the Offer Announcement and up to the Latest Practicable Date.

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We set out below the premium/(discount) implied by the Offer Price over/(to) the historical volume-weighted average prices (“**VWAPs**”) and historical trading volumes of the Shares for (a) the one-year period prior to the Offer Announcement; and (b) the period after the Offer Announcement and up to the Latest Practicable Date:

Premium/(discount) implied by the Offer Price over/(to) VWAP⁽¹⁾

	VWAP ⁽¹⁾ (S\$)	Premium/ (discount) of Offer Price over/(to) VWAP (%)	Highest closing price (S\$)	Lowest closing price (S\$)	Average daily trading volume (“ADTV”) ⁽²⁾	ADTV as a percentage of free float ⁽²⁾⁽³⁾ (%)
Periods prior to the Offer Announcement						
One-year	0.0478	(64.4)	0.070	0.014	479	NM ⁽⁴⁾
6-month	0.0148	14.9	0.022	0.014	180	NM ⁽⁴⁾
3-month	0.0125	36.0	0.016	0.014	234	NM ⁽⁴⁾
One-month	0.0130 ⁽⁵⁾	30.8	0.014 ⁽⁶⁾	0.014 ⁽⁶⁾	163	NM ⁽⁴⁾
Last trading day on 8 November 2018 (the “ Last Trading Day ”)	0.014 ⁽⁷⁾	21.4	0.014 ⁽⁷⁾	0.014 ⁽⁷⁾	3,100	NM ⁽⁴⁾
Period after the Offer Announcement and up to the Latest Practicable Date						
After the Offer Announcement and up to the Latest Practicable Date	0.0161	5.6	0.019	0.016	182	NM ⁽⁴⁾
Latest Practicable Date	0.016 ⁽⁸⁾	6.3	0.016 ⁽⁸⁾	0.016 ⁽⁸⁾	3,000	NM ⁽⁴⁾

Source: Thomson Reuters Eikon and NCF’s calculations

Notes:

- (1) The VWAPs have been weighted based on the average traded prices and traded volumes of the Shares for the relevant trading days for each of the above periods.
- (2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded for each of the above periods divided by the number of Market Days during those periods.
- (3) Free float refers to the Shares other than those held by the Directors, the substantial Shareholders and their associates, and amounts to approximately 117.3 million Shares, representing approximately 65.79% of the issued Shares as at the Latest Practicable Date.
- (4) Denotes not meaningful as the ADTV as a percentage of free float is less than 0.01%.
- (5) Refers to the VWAP on 8 November 2018, being the only Market Day on which the Shares were traded during the period.
- (6) Refers to the closing price of the Shares on 8 November 2018, being the only Market Day on which the Shares were traded during the period.
- (7) Refers to the closing price of the Shares on the Last Trading Day.
- (8) Refers to the closing price of the Shares on 31 December 2018, being the last Market Day on which the Shares were traded during the period.

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We note the following:

Periods prior to the Offer Announcement

- (a) The daily closing prices of the Shares over the one-year period prior to the Offer Announcement were between a low of S\$0.014 and a high of S\$0.070, and the Offer Price represents (i) a significant discount of approximately 64.4% to the VWAP for the one-year period prior to the Offer Announcement; and (ii) a premium of 14.9%, 36.0% and 30.8% over the VWAPs of the Shares for the 6-month, 3-month and one-month periods prior to the Offer Announcement respectively.
- (b) The Offer Price represents a premium of approximately 21.4% over the closing price of the Shares of S\$0.014 on the Last Trading Day.
- (c) The average daily trading volumes of the Shares were significantly low at 479 Shares, 180 Shares, 234 Shares and 163 Shares for the one-year, 6-month, 3-month and one-month periods prior to the Offer Announcement respectively.
- (d) Due to the lack of trading liquidity of the Shares, the average daily trading volume of the Shares as a percentage of free float was less than 0.01% for each of the one-year, 6-month, 3-month and one-month periods prior to the Offer Announcement.

Period after the Offer Announcement and up to the Latest Practicable Date

- (e) The Offer Price represents (i) a premium of approximately 5.6% over the VWAP of S\$0.0161 for the period after the Offer Announcement and up to the Latest Practicable Date; and (ii) a premium of approximately 6.3% over the closing price of the Shares of S\$0.016 on 31 December 2018, being the last Market Day on which the Shares were traded during the period.
- (f) The average daily trading volume of the Shares was approximately 182 Shares, representing less than 0.01% of free float, during the period after the Offer Announcement and up to the Latest Practicable Date.

Shareholders should note that due to the lack of trading liquidity of the Shares, the closing prices of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares. Shareholders should also note that there is no assurance that the market prices of the Shares would remain at the current prevailing level after the close of the Offer, and that the past trading performance of the Shares is not in any way reflective of its future trading performance.

We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

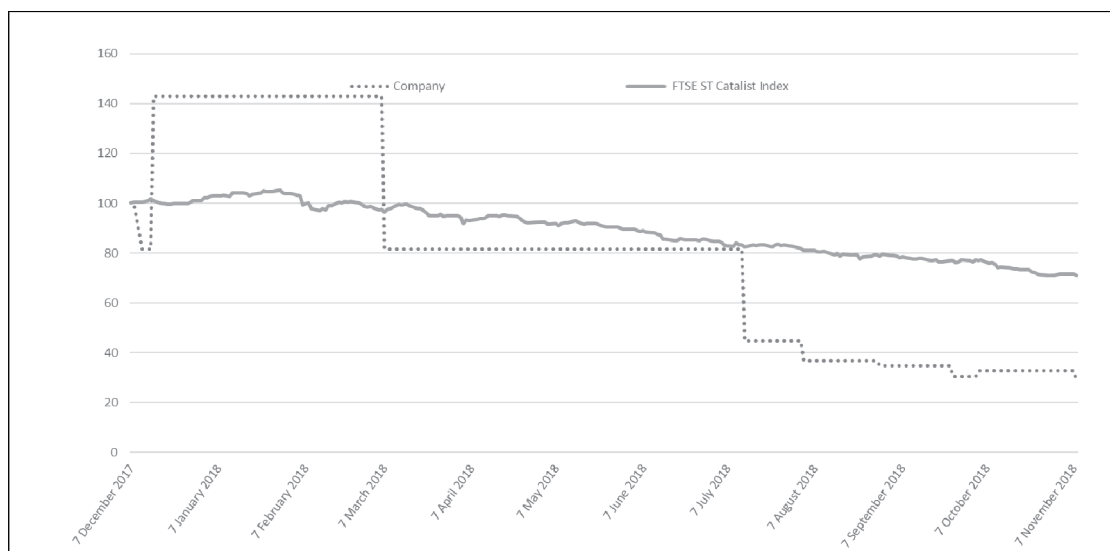
8.2 Historical Share Price Performance Relative to Market Index

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 movements of the Shares against the FTSE ST Catalist Index (the “**Catalist Index**”), which is a market capitalisation-weighted index that tracks the performance of sponsored companies listed on the SGX-Catalist.

The relative market price performance of the Shares *vis-à-vis* the Catalist Index for the period commencing one year prior to the Offer Announcement and ending on the Last Trading Day is illustrated below:

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Share price performance against the Catalyst Index (rebased)



Source: Thomson Reuters Eikon

We also set out in the table below the movements in the closing prices of the Shares and the Catalyst Index between the Last Trading Day and the Latest Practicable Date:

	As at Last Trading Day (S\$)	As at Latest Practicable Date (S\$)	Percentage Change (%)
Shares (S\$)	0.014	0.016 ⁽¹⁾	14.3
Catalist Index	331.02	305.76	(7.6)

Source: Thomson Reuters Eikon

Note:

- (1) Refers to the closing price of the Shares on 31 December 2018, being the last Market Day on which the Shares were traded during the period.

Based on the above, we note the following:

- (a) during the period commencing one year prior to the Offer Announcement and ending on the Last Trading Day, save for the period between mid-December 2017 and early March 2018, the Shares had generally underperformed the Catalyst Index; and
- (b) between the Last Trading Day and the Latest Practicable Date, the closing price of the Shares had increased by approximately 14.3% while the Catalyst Index had decreased by approximately 7.6%.

Shareholders should note that due to the lack of trading liquidity of the Shares, the closing prices of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares. Any comparison of the historical price performance of the Shares with the Catalyst Index is for illustrative purposes only.

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8.3 NAV and Net Cash Position of the Group

8.3.1 NAV of the Group as at 30 June 2018

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the 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 the shareholders' equity.

Shareholders should nonetheless note that an analysis based on the NAV of the Group provides only an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised.

A summary of the unaudited financial position of the Group as at 30 June 2018 is set out below:

	Unaudited As at 30 June 2018 (S\$'000)
<u>Non-current assets</u>	
Property, plant and equipment	227
Deferred tax assets	128
Long term receivable / loan	2,191
Total non-current assets	2,546
<u>Current assets</u>	
Inventories	2,454
Trade and other receivables	4,718
Cash and cash equivalents	4,414
Total current assets	11,586
Total assets	14,133⁽¹⁾
<u>Equity</u>	
Share capital	24,937
Reserves	(15,898)
Equity attributable to owners of the Company	9,039
Total equity	9,039
<u>Non-current liability</u>	
Interest payable	297
Total non-current liability	297

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	Unaudited As at 30 June 2018 (S\$'000)
Current liabilities	
Loan from shareholder	330
Trade and other payables	4,130
Current tax liabilities	335
Total current liabilities	4,797⁽¹⁾
Total liabilities	5,094
Total equity and liabilities	14,133
Number of issued Shares as at 30 June 2018	178,337,290
NAV per Share (S\$)	0.0507
Discount of the Offer Price to the NAV per Share	(66.5)%
Price-to-NAV ("P/NAV") ratio as implied by the Offer Price (times)	0.335

Source: Unaudited financial statements for 1HY2018 of the Group

Note:

(1) As a result of rounding differences, numbers or percentages may not add up to the total.

As at 30 June 2018, the unaudited NAV of the Group amounted to approximately S\$9.0 million or S\$0.0507 per Share (based on 178,337,290 issued Shares). We note that the Offer Price represents a significant discount of approximately 66.5% to the unaudited NAV per Share of the Group as at 30 June 2018, and would value the Group at a P/NAV ratio of 0.335 times.

In our evaluation of the financial terms of the Offer, we have considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 June 2018 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to impact the NAV of the Group as at 30 June 2018.

Based on the unaudited financial position of the Group as at 30 June 2018, the long term receivable, inventories, trade and other receivables, and cash and cash equivalents of the Group amounted to an aggregate of S\$13.8 million, representing 97.5% of the total assets as at 30 June 2018. The Directors have confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that no material provisions on the long term receivable, inventories, and trade and other receivables are required. In addition, the Company recorded property, plant and equipment of S\$0.2 million which comprises (a) leasehold land and building; (b) machinery and equipment; (c) furniture and office equipment; (d) renovation; and (e) motor vehicles. We understand from the Company that the leasehold land and building refers to a two-storey building which is currently used to support the Group's business operations in Malaysia and is not material relative to the Group's total assets.

In this regard, the Directors have also confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that:

- (a) there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 30 June 2018;

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- (b) there are no contingent liabilities, bad or doubtful debts or impairment losses as at the Latest Practicable Date which would likely have a material impact on the NAV of the Group as at 30 June 2018;
- (c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings as at the Latest Practicable Date which might materially and adversely affect the financial position of the Group as at 30 June 2018;
- (d) there are no 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 and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group as at 30 June 2018;
- (e) there are no material acquisitions or disposals of assets by the Group between 30 June 2018 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and
- (f) they are not aware of any circumstances which may cause the unaudited NAV as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 June 2018.

Nevertheless, as set out in section 10 of the Offer Document, the Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. As part of the review, the Offeror may undertake an assessment of the human resource requirements of the Group in line with the future corporate direction of the Group. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company.

8.3.2 Net cash position of the Group as at 30 June 2018

As at 30 June 2018, the Group had unaudited cash and cash equivalents of approximately S\$4.4 million and borrowings of approximately S\$0.3 million, translating into an unaudited net cash of approximately S\$4.1 million or S\$0.0229 per Share (based on 178,337,290 issued Shares).

For illustrative purposes only, the Offer Price represents a discount of approximately 25.8% to the unaudited net cash per Share of the Group as at 30 June 2018.

8.4 Historical Financial Performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited consolidated financial statements of the Group for the financial years ended 31 December 2015 ("FY2015"), FY2016 and FY2017, as well as the unaudited consolidated financial statements of the Group for 1HY2017 and 1HY2018. The following summary of the financial information should be read in conjunction with the full text of the Group's consolidated financial statements for FY2015, FY2016, FY2017, 1HY2017 and 1HY2018 in respect of the relevant financial years/periods, including the notes thereto.

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Consolidated statement of profit or loss (S\$)	Audited			Unaudited	
	FY2015	FY2016	FY2017	1HY2017	1HY2018
Revenue	15,790,462	12,099,618	14,180,928	5,846,000	8,968,000
(Loss) / profit before income tax	11,586	(297,311)	290,199	(448,000)	757,000
Net (loss) / profit for the year / period attributable to owners of the Company	(12,014)	(374,261)	(39,086)	(474,000)	461,000
Statement of financial position (S\$)	Audited			Unaudited	
	FY2015	FY2016	FY2017	1HY2017	1HY2018
Current assets		9,055,221	8,291,990	10,894,179	11,586,000
Current liabilities		2,306,641	1,985,677	3,236,708	4,797,000
Non-current assets		245,947	252,314	834,546	2,546,000
Non-current liabilities		2,164	–	–	297,000
Total equity		6,992,363	6,558,627	8,492,017	9,039,000
Working capital		6,748,580	6,306,313	7,657,471	6,789,000
Consolidated statement of cash flows (S\$)	Audited			Unaudited	
	FY2015	FY2016	FY2017	1HY2017	1HY2018
Net cash from / (used in) operating activities	524,950	559,269	(588,840)	(571,000)	695,000
Net cash from / (used in) investing activities	28,671	(17,120)	(554,630)	(54,000)	13,000
Net cash from financing activities	147,826	677,757	1,918,000	1,919,000	–
Net increase in cash and cash equivalents	701,447	1,219,906	775,330	1,294,000	707,000
Cash and cash equivalents at end of year / period	1,673,928	2,876,986	3,675,516	4,163,000	4,414,000

Source: Annual reports for FY2016 and FY2017 and unaudited consolidated financial statements for 1HY2018 of the Group

Consolidated statement of profit or loss

FY2015 vs FY2016

The Group's revenue decreased by approximately S\$3.7 million or 23.4% from approximately S\$15.8 million in FY2015 to approximately S\$12.1 million in FY2016, mainly due to lower sales recorded by the electrical trading segment in Singapore as a result of the falling demand for construction and slower growth in the Singapore economy.

The Group recorded a profit before income tax of approximately S\$0.01 million in FY2015 *vis-à-vis* a loss before income tax of approximately S\$0.3 million in FY2016, mainly due to the decrease in revenue and other income which was mainly attributable to a decrease in rebates received from

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suppliers in line with the lower purchases made in FY2016, and staff costs which was only a slight decline of approximately S\$0.05 million from approximately S\$2.3 million in FY2015 to S\$2.2 million in FY2016.

As a result of the above and taking into account the income tax expenses, the net loss attributable to owners of the Company increased by approximately S\$0.4 million from approximately S\$0.01 million in FY2015 to approximately S\$0.4 million in FY2016.

FY2016 vs FY2017

The Group's revenue increased by approximately S\$2.1 million or 17.2% from approximately S\$12.1 million in FY2016 to approximately S\$14.2 million in FY2017, mainly due to the increase in property management and consultancy fee revenue and a slight increase in sales from the electrical trading segment in Singapore.

The Group recorded a loss before income tax of approximately S\$0.3 million in FY2016 *vis-à-vis* a profit before income tax of approximately S\$0.3 million in FY2017, mainly due to the increase in revenue, offset by mainly an increase in (a) sales agent fee; and (b) other expenses which were largely due to the allowances made for inventory obsolescence and the provision for bad debts, and a decrease in other income mainly attributable to a decline in the rental income.

As a result of the above and taking into account the income tax expenses, the net loss attributable to owners of the Company decreased by approximately S\$0.3 million or 89.6% from approximately S\$0.4 million in FY2016 to approximately S\$0.04 million in FY2017.

1HY2017 vs 1HY2018

The Group's revenue increased by approximately S\$3.1 million or 53.4% from approximately S\$5.8 million in 1HY2017 to approximately S\$9.0 million in 1HY2018, mainly due to better performance of the project consultancy management business in China. The good performance of the business in China contributed 33.7% of the Group's revenue.

The Group recorded a loss before income tax of approximately S\$0.4 million in 1HY2017 *vis-à-vis* a profit before income tax of approximately S\$0.8 million in 1HY2018 mainly due to the increase in revenue and a decrease in other expenses, offset by mainly an increase in (a) sales agent fee; and (b) staff costs mainly due to the expansion in the property consultancy sector, and a decrease in other income mainly due to a decrease in rebate received and fixed deposit interest.

As a result of the above and taking into account the income tax expenses, the net loss attributable to owners of the Company of approximately S\$0.5 million in 1HY2017 reversed into a net profit attributable to owners of the Company of approximately S\$0.5 million in 1HY2018.

Statement of financial position

Current assets: As at 30 June 2018, the current assets amounted to approximately S\$11.6 million, representing 82.0% of the total assets of the Group. The current assets comprised (a) inventories of approximately S\$2.5 million; (b) trade and other receivables of approximately S\$4.7 million; and (c) cash and cash equivalents of approximately S\$4.4 million.

Current liabilities: As at 30 June 2018, the current liabilities amounted to approximately S\$4.8 million, representing 94.2% of the total liabilities of the Group. The current liabilities comprised (a) a loan from a Shareholder of approximately S\$0.3 million; (b) trade and other payables of approximately S\$4.1 million; and (c) current tax liabilities of approximately S\$0.3 million.

Non-current assets: As at 30 June 2018, the non-current assets amounted to approximately S\$2.5 million, representing 18.0% of the total assets of the Group. The non-current assets comprised (a) property, plant and equipment of approximately S\$0.2 million; (b) deferred tax assets

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of approximately S\$0.1 million; and (c) long term receivable of approximately S\$2.2 million which includes an unsecured and interest-bearing loan due from a third party of approximately S\$1.9 million. The loan is unsecured, bears interest of 15% per annum and is repayable in 2 years.

Non-current liabilities: As at 30 June 2018, the interest payable amounted to approximately S\$0.3 million, representing 5.8% of the total liabilities of the Group.

Working capital: The Group recorded working capital ranging between approximately S\$6.3 million and S\$7.7 million as at 31 December 2015, 31 December 2016, 31 December 2017, 30 June 2017 and 30 June 2018. As at 30 June 2018, the working capital amounted to approximately S\$6.8 million.

Consolidated statement of cash flows

The Group recorded net cash from operating activities of approximately S\$0.5 million, S\$0.6 million and S\$0.7 million in FY2015, FY2016 and 1HY2018 respectively. The Group recorded net cash used in operating activities of approximately S\$0.6 million in both FY2017 and 1HY2017. The Group recorded net cash from operating activities of approximately S\$0.7 million in 1HY2018 mainly due to an operating cash flow before working capital changes of approximately S\$0.7 million, an increase in trade and other receivables of approximately S\$1.2 million and trade and other payables of approximately S\$1.3 million in 1HY2018.

Taking into account (a) the cash and cash equivalents at the beginning of the period of approximately S\$3.7 million; (b) the net increase in cash and cash equivalents of approximately S\$0.7 million; and (c) the effect of exchange rate changes on cash balances held in foreign currencies of approximately S\$0.03 million, the Group's cash and cash equivalents as at 30 June 2018 amounted to approximately S\$4.4 million.

8.5 Valuation Ratios of Selected Listed Companies which Principal Business Activities are Broadly Comparable to those of the Group

Based on the annual report of the Company for FY2017, the Group operates predominantly in the following business segments:

- (a) the electrical trading and electrical manufacturing business, which accounted for approximately 86.5% of the Group's total revenue in FY2017 and approximately 72.8% of the reportable segment assets as at 31 December 2017; and
- (b) the property consultancy and management business, which accounted for approximately 13.5% of the Group's total revenue in FY2017 and approximately 27.2% of the reportable segment assets as at 31 December 2017.

Although the electrical trading and electrical manufacturing business was the principal revenue contributor to the Group in FY2017, we understand from the Company that it has been focusing on the property consultancy and management business as the core business of the Group. We wish to highlight that the Group has diversified its businesses to include, *inter alia*, the property consultancy and management business after obtaining the Shareholders' approval in April 2017, and had since recorded its first revenue from this business segment only in FY2017. As the Group has a short operating track record in the property consultancy and management business, the Management is of the view that there are no companies listed on the regional securities exchanges engaging in similar business activities which are comparable to the Group in terms of scale of business operation and profitability.

Nevertheless, solely for illustrative purposes, we have made reference to the valuation ratios of selected companies listed on regional securities exchanges in Asia with a market capitalisation of below S\$100.0 million (or its equivalent in foreign currency) and are principally engaged in the electrical trading and/or manufacturing business (the "**Electrical Comparable Companies**") or the property consultancy and management business (the "**Property Management Comparable**").

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Companies", and together with the Electrical Comparable Companies, collectively, the **"Comparable Companies"**).

In evaluating the Comparable Companies, we have applied and used the following valuation ratios:

Valuation ratio	Description
Price-earnings ("P/E") ratio	<p>The P/E ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated full-year net profit attributable to shareholders (as the case may be).</p> <p>The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The P/E ratio illustrates the ratio of the market capitalisation of a company in relation to the historical consolidated full-year net profit attributable to its shareholders (as the case may be). As such, it is affected by a company's capital structure, tax position and accounting policies relating to depreciation and intangible assets.</p> <p>We have considered the P/E ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their latest full year net earnings per share (as adjusted for any corporate activities undertaken by the Comparable Companies subsequent to their latest financial year which may affect their P/E ratios, where relevant).</p>
Price-net asset value ("P/NAV") ratio	<p>The NAV refers to consolidated net asset value, which is the total assets less total liabilities of a company.</p> <p>The P/NAV ratio refers to the ratio of a company's share price divided by NAV per share.</p> <p>The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>We have considered the P/NAV ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date and their latest-available NAV per share (as adjusted for any corporate activities undertaken by the Comparable Companies subsequent to their latest-available balance sheet which may affect their P/NAV ratios, where relevant).</p>

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Valuation ratio	Description
Enterprise value-to-earnings before interest, taxes, depreciation and amortisation (“ EV/EBITDA ”)	<p>EV refers to enterprise value, which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity’s business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the EV/EBITDA ratio and the P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p> <p>We have considered the EV/EBITDA ratios of the Comparable Companies based on their respective closing prices on the Latest Practicable Date, the latest-available balance sheet values and the latest full-year EBITDA (as adjusted for any corporate activities undertaken by the Comparable Companies subsequent to their latest financial year which may affect their EV/EBITDA ratios, where relevant).</p>

A brief description of the Comparable Companies is as follows:

Company name	Business description	Country of listing	Financial year-end
<u>Electrical Comparable Companies</u>			
UMS-Neiken Group Berhad (“ UMS-Neiken ”)	UMS-Neiken Group Berhad is a Malaysia-based company, and its subsidiaries are engaged in (a) designing, manufacturing and trading of electrical wires, electrical wiring accessories, housing or flexible wires or cables, and electrical wiring accessories or devices; (b) marketing and trading in electrical products, accessories and appliances; (c) import and export or trading in any type of electrical products; (d) wholesale and distribution of electrical wiring accessories and related products; and (e) sale and services of home appliances.	Malaysia	31 December 2017
United U-LI Corporation Berhad (“ United U-LI ”)	United U-LI Corporation Berhad manufactures and distributes steel cable support systems, cable management systems, integrated ceiling systems, building materials, lourescent light fittings and LED products.	Malaysia	31 December 2017

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Company name	Business description	Country of listing	Financial year-end
Vicplas International Ltd ("Vicplas")	Vicplas International Ltd is a Singapore-based company. The company, through its subsidiaries, engages in research, design, development and manufacture of medical devices. It is also engaged in the manufacture, trading and distribution of piping systems for pipes and pipe fittings across diverse industries, including waste and potable water systems for residential homes, schools, commercial and industrial buildings; underground electrical and internal building wire piping systems, and data and signal line piping systems for telecommunications companies. It operates in two segments: medical devices, and pipes and pipe fittings.	Singapore	31 July 2018
<u>Property Management Comparable Companies</u>			
Creative Enterprise Holdings Limited ("Creative Enterprise")	Creative Enterprise Holdings Limited is mainly engaged in the provision of property management services. The property management services include general management, tenancy management, rent and management fees collection services, security, cleaning, minor repair and maintenance, project management services as well as legal and administrative support services, among others. In addition, the company also provides security services, secondment services and other services. Other services include cleaning services and window inspection services, among others. It provides property management service to housing estates, shopping centers, factory estates, industrial buildings and commercial buildings.	Hong Kong	31 March 2018

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Company name	Business description	Country of listing	Financial year-end
Modern Living Investments Holdings Limited (“ Modern Living ”)	Modern Living Investments Holdings Limited is a company principally engaged in the provision of property management services, with a primary focus on public housing. The company’s property management services include estate management services (entailing general management, tenancy management, financial management, minor repair and maintenance as well as project management services), security services and cleaning services. The company’s main customer is Housing Authority.	Hong Kong	31 December 2017
Shi Shi Services Limited (formerly known as Heng Sheng Holdings Limited) (“ Shi Shi Services ”)	Shi Shi Services Limited is principally engaged in the provision of property management services in Hong Kong and primarily focuses on the residential properties. The company mainly operates under the brand name of Kong Shum. Its principal businesses include the provision of security, repair and maintenance, cleaning, finance management, administrative and legal support services. The company mainly conducts its businesses in Hong Kong.	Hong Kong	31 March 2018

Source: Thomson Reuters Eikon and annual reports of the Comparable Companies

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

Company	Market capitalisation (million)	P/E (times)	P/NAV (times)	EV/EBITDA (times)
<u>Electrical Comparable Companies</u>				
UMS-Neiken	RM83.3	11.24	0.86	5.27
United U-LI	RM124.1	6.49 ⁽¹⁾	0.43	3.43
Vicplas	S\$48.0	16.21	0.83	8.11
Maximum		16.21	0.86	8.11
Minimum		6.49	0.43	3.43
Mean		11.31	0.71	5.60
Median		11.24	0.83	5.27
<u>Property Management Comparable Companies</u>				
Creative Enterprise	HK\$465.0	18.25 ⁽²⁾⁽³⁾	3.26	13.60
Modern Living	HK\$149.6	8.54 ⁽⁴⁾	1.41	6.38
Shi Shi Services	HK\$359.2	11.48 ⁽⁵⁾	1.73 ⁽⁵⁾	8.10
Maximum		18.25	3.26	13.60
Minimum		8.54	1.41	6.38
Mean		12.76	2.13	9.36
Median		11.48	1.73	8.10
Company (implied by the Offer Price)		N.M.⁽⁶⁾	0.34	N.M.⁽⁶⁾

Source: Thomson Reuters Eikon, annual reports and announcements of the Comparable Companies and NCF's calculations

Notes:

- (1) The earnings per share ("EPS") was adjusted for the 75,599,988 bonus shares listed and quoted on the Main Market of Bursa Securities on 28 June 2018.
- (2) Excludes the listing expenses of HK\$4.1 million which were incurred in the financial year ended 30 March 2018 in connection with the listing of Creative Enterprise on the Main Board of the Stock Exchange of Hong Kong on 11 December 2018, and the non-recurring gain on disposal of property, plant and equipment amounting to approximately HK\$15.2 million.
- (3) The EPS was computed based on the number of issued shares of Creative Enterprise immediately following its listings on the Main Board of the Stock Exchange of Hong Kong.
- (4) Excludes the listing expenses of approximately HK\$15.92 million which were incurred in the financial year ended 31 December 2017 in connection with the listing of Modern Living on the Growth Enterprise Market of the Stock Exchange of Hong Kong on 10 November 2017.
- (5) The EPS and NAV per share were adjusted for the 171,000,000 new shares issued on 20 November 2018 pursuant to a placement exercise.
- (6) Denotes not meaningful as the Group had recorded net losses and negative EBITDA in FY2017.

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Based on the above, we observe that:

- (a) the Company had recorded a net loss in FY2017, hence the P/E ratio of the Company (as implied by the Offer Price) is not applicable. Solely for illustrative purposes, the P/E ratios of (i) the Electrical Comparable Companies ranged between 6.49 times and 16.21 times, with the mean and median P/E ratios at 11.31 times and 11.24 times respectively, and (ii) the Property Management Comparable Companies ranged between 8.54 times and 18.25 times, with the mean and median P/E ratios at 12.76 times and 11.48 times respectively;
- (b) the P/NAV ratio of the Company (as implied by the Offer Price) of 0.34 times is (i) below the range of P/NAV ratios of the Electrical Comparable Companies of between 0.43 times and 0.86 times, and is below the mean and median P/NAV ratios of 0.71 times and 0.83 times of the Electrical Comparable Companies respectively, and (ii) below the range of P/NAV ratios of the Property Management Comparable Companies of between 1.41 times and 3.26 times, and is below the mean and median P/NAV ratios of 2.13 times and 1.73 times of the Property Management Comparable Companies respectively; and
- (c) the Company had recorded a negative EBITDA in FY2017, hence the EV/EBITDA ratio of the Company (as implied by the Offer Price) is not applicable. Solely for illustrative purposes, the EV/EBITDA ratios of (i) the Electrical Comparable Companies ranged between 3.43 times and 8.11 times, with the mean and median EV/EBITDA ratios at 5.60 times and 5.27 times respectively, and (ii) the Property Management Comparable Companies ranged between 6.38 times and 13.60 times, with the mean and median EV/EBITDA ratios at 9.36 times and 8.10 times respectively.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the regional securities exchanges that may be identical to the Group 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 and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons made may not necessarily reflect the perceived market valuation of the Group as at the Latest Practicable Date.

8.6 Selected Precedent Non-Privatisation Transactions on the SGX-ST

In view that it is the intention of the Offeror to maintain the listing status of the Company on the SGX-ST, we have compared the trading and valuation statistics of the Company (based on the Offer Price) *vis-à-vis* those in respect of recent non-privatisation take-over offers of companies listed on the SGX-ST (excluding real estate investment trusts and business trusts) which were announced between 1 January 2017 and the Offer Announcement Date and completed as at the Latest Practicable Date, where the offeror had indicated its intention to preserve the listing status of the target companies (the “**Comparable Transactions**”) as follows:

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Company name	Announcement date	Premium/(discount) of offer price over/(to) ⁽¹⁾					Offer price to NAV/NTA ⁽²⁾ (times)
		Offer price (\$)	Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Chew's Group Limited ⁽³⁾	8 October 2018	0.2107	26.2	30.9	33.4	37.7	1.23 ⁽⁴⁾
CH Offshore Ltd.	26 July 2018	0.1300	0.0	(11.0)	(11.6)	(21.7)	0.55 ⁽⁵⁾
TMC Education Corporation Ltd.	15 December 2017	0.0675	68.8	50.0	29.8	29.8	1.53 ⁽⁴⁾
New Wave Holdings Ltd.	19 October 2017	0.0130	44.4	38.0	9.0	18.7	0.89 ⁽⁵⁾
BRC Asia Limited	8 September 2017 ⁽⁶⁾	0.9250	33.1	30.3	35.3	42.0	0.81 ⁽⁵⁾
Blumont Group Ltd. ⁽⁷⁾	24 August 2017	0.000182	(81.8)	(87.9)	(86.0)	(90.4)	0.57 ⁽⁵⁾
Mary Chia Holdings Limited	24 August 2017	0.1110	68.2	93.0	96.1	99.6	2.85 ⁽⁵⁾
United Engineers Limited	13 July 2017 ⁽⁸⁾	2.6000	7.9	11.5	12.8	12.7	0.86 ⁽⁵⁾⁽⁹⁾
Cityneon Holdings Limited	12 May 2017	0.9000	(5.8)	0.6	3.9	0.3	3.21
CMC Infocomm Limited (currently known as Yinda Infocomm Limited) ⁽¹⁰⁾	7 May 2017	0.0950	18.8	18.8	35.5	9.5	1.73 ⁽⁴⁾
International Healthway Corporation Limited (currently known as OUE Lippo Healthcare Limited)	16 February 2017	0.1060	1.9	14.0	20.5	32.5	1.11 ⁽⁵⁾
Healthway Medical Corporation Limited	7 February 2017	0.0420	2.4	8.9	15.0	16.8	0.66
		Maximum	68.8	93.0	96.1	99.6	3.21
		Minimum	(81.8)	(87.9)	(86.0)	(90.4)	0.55
		Mean	24.2 ⁽¹¹⁾	19.2 ⁽¹²⁾	18.4 ⁽¹²⁾	17.8 ⁽¹²⁾	1.33
		Median	18.8 ⁽¹¹⁾	16.4 ⁽¹²⁾	17.8 ⁽¹²⁾	17.8 ⁽¹²⁾	1.00
Company (based on the Offer Price)	6 December 2018	0.0170	21.4⁽¹³⁾	30.8	36.0	14.9	0.34

Source: Thomson Reuters Eikon and the respective target companies' circulars to shareholders

Notes:

- (1) The market premia/(discounts) were calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and the VWAPs for the one-month, 3-month and 6-month periods prior to the respective offer announcements.
- (2) NTA denotes net tangible assets.

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- (3) On 8 June 2018, Chew's Group Limited ("**Chew's Group**") announced (the "**Termsheet Announcement**") that it had been informed by its controlling shareholder, Fenghe Investment Holding Pte. Ltd. ("**Fenghe**"), that Fenghe had entered into a non-legally binding term sheet with a potential third-party purchaser for the proposed acquisition by the purchaser from Fenghe of 57,580,341 ordinary shares of Chew's Group, representing approximately 68.14% of the issued share capital of Chew's Group, at a price of S\$0.2107 per sale share. The market premia in the table above were computed based on the share prices prior to the Termsheet Announcement.

Chew's Group had on 21 March 2018 and 26 September 2018 declared a special one-tier tax exempt dividend of S\$0.35 per share and a one-tier tax exempt interim dividend of S\$0.10 per share respectively, which were paid on 10 May 2018 and 12 October 2018 respectively. In connection therewith, the share prices of Chew's Group in the table above had been adjusted to exclude the effects of the dividends on the share prices of Chew's Group. Accordingly, the VWAPs of Chew's Group had been weighted based on the average traded prices (as adjusted for the dividends) and traded volumes of the shares during the relevant trading days for each of the respective periods prior to the Termsheet Announcement.

- (4) Based on the adjusted NAV/NTA per share (where relevant), as published in the circulars of the target companies.
- (5) Based on the revalued NAV/NTA per share (where relevant), as published in the respective circulars of the target companies.
- (6) On 30 May 2017 (the "**BRC Holding Announcement**"), BRC Asia Limited ("**BRC Asia**") released a holding announcement to inform its shareholders that some of the substantial shareholders of BRC Asia had received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued shares of BRC Asia. The market premia in the table above was computed based on the share prices prior to the BRC Holding Announcement.
- (7) Based on the VWAPs as announced by Blumont Group Limited on 24 August 2017.
- (8) On 27 September 2016, United Engineers Limited ("**United Engineers**") announced that Oversea-Chinese Banking Corporation Limited and Great Eastern Holdings Limited had on 26 September 2016 announced that they were reviewing strategic options with respect to their combined stakes in United Engineers and WBL Corporation Limited. The market premia in the table above was computed based on the closing share prices prior to and including 26 September 2016.
- (9) As set out in the circular of United Engineers, United Engineers has 5 distinct business divisions comprising (a) property (which consists of its property rental and hospitality and property development segments); (b) manufacturing; (c) distribution; (d) engineering; and (e) corporate services and others. The independent financial adviser to the independent directors of United Engineers had also valued each of the group's businesses separately to arrive at an estimated lower and higher sum-of-the-parts valuation of each share of S\$2.36 and S\$3.12 respectively. Accordingly, the offer price of S\$2.60 was within the range of the estimated sum-of-the-parts valuation of each share of United Engineers.
- (10) Based on the volume-weighted closing prices which had been weighted based on the closing prices of the shares of CMC Infocomm Limited and its traded volumes for the trading days of the relevant periods.
- (11) Excludes Blumont Group Ltd. as a statistical outlier in the mean and median computation.
- (12) Excludes Blumont Group Ltd. and Mary Chia Holdings Limited as statistical outliers in the mean and median computation.
- (13) Based on the closing price of the Shares on the Last Trading Day.

Based on the above, we note the following:

- (a) the premium of approximately 21.4% implied by the Offer Price over the closing price of the Shares prior to the Offer Announcement is (i) within the range of the Comparable Transactions of between a discount of 81.8% and a premium of 68.8%, and (ii) below the corresponding mean premium of 24.2% and above the corresponding median premium of 18.8% of the Comparable Transactions;
- (b) the premium of approximately 30.8% implied by the Offer Price over the one-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of the Comparable Transactions of between a discount of 87.9% and a premium of 93.0%, and (ii) significantly above the corresponding mean and median premia of 19.2% and 16.4% of the Comparable Transactions respectively;

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- (c) the premium of approximately 36.0% implied by the Offer Price over the 3-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of the Comparable Transactions of between a discount of 86.0% and a premium of 96.1%, and (ii) significantly above the corresponding mean and median premia of 18.4% and 17.8% of the Comparable Transactions respectively;
- (d) the premium of approximately 14.9% implied by the Offer Price over the 6-month VWAP of the Shares prior to the Offer Announcement is (i) within the range of the Comparable Transactions of between a discount of 90.4% and a premium of 99.6%, and (ii) below the corresponding mean and median premia of 17.8% and 17.8% of the Comparable Transactions respectively; and
- (e) the P/NAV ratio of 0.34 times implied by the Offer Price is (i) below the range of the Comparable Transactions of between 0.55 times and 3.21 times, and (ii) significantly below the mean and median offer price-to-NAV ratios of the Comparable Transactions of 1.33 times and 1.00 times respectively.

As mentioned in paragraph 8.1 of this letter, Shareholders should note that due to the lack of trading liquidity of the Shares, the closing prices of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares. Shareholders should also note that the level of premium (if any) which an acquirer would normally pay for acquiring a listed company 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 (if any), 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 Comparable Transaction has to be judged on its own merits (or otherwise).

The list of Comparable 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 Comparable Transactions over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the Comparable Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Comparable 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 announcements and the market conditions or sentiment when the announcements were made or the desire or relative need for control over the companies.

As some of the Comparable 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 offer prices of such Comparable Transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Comparable Transactions, where available.

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 Comparable 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, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Comparable Transactions. Therefore, any

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comparison of the Offer with the Comparable Transactions is for illustrative purposes only and conclusions drawn from the comparisons made may not necessarily reflect the perceived market valuation of the Group as at the Latest Practicable Date.

8.7 Other Relevant Considerations

8.7.1 Previous acquisitions of Shares by the Offeror

On 9 September 2016, the Company (then known as ITE Electric Co Ltd.) announced that Prosperity Luck Overseas Inc. (which was wholly-owned by Wong Siu Fai) had completed the acquisition of 39,827,815 Shares, representing approximately 29.00% of the Company's then-existing issued and paid-up share capital, for a total consideration of S\$6,000,000. This would translate into an acquisition price of approximately S\$0.1506 per Share.

On 31 January 2018, the Company announced that Central Point Investment (S) Pte. Ltd. (which is ultimately wholly-owned by Wong Siu Fai) had on 30 January 2018 acquired 13,185,000 Shares for a total consideration of S\$1,384,425 by way of an off-market transaction. This would translate into an acquisition price of approximately S\$0.105 per Share.

We note that the Offer Price represents a significant discount of between 88.7% and 83.8% to the prices paid for previous acquisitions of Shares by the Offeror.

Shareholders should note that the determination of the transacted prices relating to the previous acquisitions of the Shares is dependent on the circumstances and market sentiment prevailing at the time of the acquisitions. Consequently, the above comparison merely serves as a general guide.

8.7.2 Previous share placement by the Company

On 24 March 2017, the Company announced the completion of a placement of 41,000,000 new Shares to an aggregate of 20 individuals and corporate placees (including 8,000,000 new Shares to QAL) at a placement price of S\$0.0468 per Share (the "**Placement Price**"), to raise net proceeds of approximately S\$1.9 million. The Placement Price was at a discount of 10% to the volume-weighted average price of S\$0.052 for trades done on the SGX-ST prior to the signing of the placement agreement.

We note that the Offer Price represents a significant discount of 63.7% to the Placement Price.

Shareholders should note that the determination of the Placement Price relating to the previous share placement by the Company is dependent on the circumstances and market sentiment prevailing at that time of the share placement. Consequently, the above comparison merely serves as a general guide.

8.7.3 Outlook of the Group

In the Company's annual report for FY2017, it was stated that the Group is taking steps to divest its current core business to focus on other business activities, such as consultancy and management services, and the Group believes that this will be a positive development for its business as the Group moves forward with its full commitment to realise its vision and achieve the new milestones.

In addition, the following statements were made in the announcement on 10 August 2018 of the Group's unaudited financial statements for the 6-month period ended 30 June 2018:

"The Singapore economy's growth is expected to moderate in 2018. The group expects overall business environment to remain challenging in FY2018 for the electrical trading and electrical manufacturing sectors. On the other hand, the property management business shows a strong growth and the Group expects the property consultancy business of the Group will maintain a stable growth rate in the second half year."

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

8.7.4 Offeror's intentions for the Company

The Offeror presently has no intention to (a) introduce any major changes to the business of the Company; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Group, other than in the normal course of business. The Offeror has stated that it intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. As part of the review, the Offeror may undertake an assessment of the human resource requirements of the Group in line with the future corporate direction of the Group. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company.

8.7.5 Conditional offer

The Offer is conditional upon the Offeror having received, by the Closing Date, 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 Group (either before or during the Offer and pursuant to the Offer or otherwise), would result in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the total voting rights attributable to the issued Shares (excluding treasury shares).

In the event that the Offer does not become or is not declared unconditional in all respects by the Closing Date and has been withdrawn or has lapsed:

- (a) all acceptances of the Offer will be returned to the relevant Shareholders; and
- (b) pursuant to Rule 33.1(a) of the Code, except with the SIC's consent, neither the Offeror nor its Concert Group may, within 12 months from the date on which the Offer is withdrawn or lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or its Concert Group would thereby become obliged under Rule 14 to make an offer.

In the event that the Offer becomes or is declared unconditional in all respects by the Closing Date:

- (a) Shareholders who accept the Offer will receive the Offer Price for each Offer Share validly tendered in acceptance of the Offer; and
- (b) pursuant to Rule 33.2 of the Code, except with the SIC's consent, neither the Offeror nor its Concert Group may, within 6 months of the close of the Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Offer.

8.7.6 Listing status of the Company and the intention of the Offeror

Pursuant to Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Company must ensure that at least 10% of the total number of Shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public (the "**Free Float Requirement**").

Pursuant to Rule 1104 of the Catalist Rules, in the event that the Offeror and its Concert Group should, as a result of the Offer or otherwise, own or control more than 90% of the total number of Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10% of the total number of Shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public.

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In addition, under Rule 724(1) of the Catalist Rules, if the Free Float Requirement is not complied with, the Company must, as soon as possible, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, for the percentage of the Shares held by members of the public to be raised to at least 10%, failing which the Company may be delisted from the SGX-ST.

We note that the Offeror has stated that its current intention is to maintain the listing status of the Company on the Catalist board of the SGX-ST and the Offeror does not intend to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act. However, in the event that the Company does not meet the Free Float Requirement at the close of the Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) as described in section 11.2 of the Offer Document depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

8.7.7 Compulsory acquisition by the Offeror

Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), in the event that 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 Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) at a price equal to the Offer Price.

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

8.7.8 No competing offers

The Directors have confirmed, to the best of their knowledge and belief as at the Latest Practicable Date, that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company.

8.7.9 Dividend track record

The Company had not declared and/or paid any dividend since the financial year ended 31 December 1997.

We wish to highlight that the above is not an indication of the Company's future dividend policy, and there is no assurance that the Company will or will not pay dividends in future and/or maintain the level of dividends paid in past periods.

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9. OPINION AND ADVICE

In arriving at our opinion and advice on the financial terms of the Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this letter. The following should be read in conjunction with, and in the context of, the full text of this letter:

- (a) an assessment of the historical market price performance and trading activity of the Shares as follows:
 - (i) the trading in the Shares had been sporadic during the period commencing one year prior to the Offer Announcement and ending on the Latest Practicable Date, of which the Shares were traded on only 10 Market Days out of the 248 Market Days for the one-year period prior to the Offer Announcement, and on only 2 Market Days out of the 17 Market Days for the period after the Offer Announcement and up to the Latest Practicable Date. In addition, the trading volume of the Shares for the one-year period prior to the Offer Announcement had been significantly low, and the daily volume of the Shares traded during the 10 Market Days ranged between a low of 100 Shares traded on 4 October 2018 and a high of 50,000 Shares on 15 December 2017. During the period after the Offer Announcement and up to the Latest Practicable Date, the Shares closed at S\$0.016 on 31 December 2018 with a trading volume of 3,000 Shares. Save for 7 and 31 December 2018, there was no trading in the Shares during the period after the Offer Announcement and up to the Latest Practicable Date;

Periods prior to the Offer Announcement

- (ii) the daily closing prices of the Shares were between a low of S\$0.014 and a high of S\$0.070 for the one-year period prior to the Offer Announcement, and the Offer Price represents (aa) a significant discount of approximately 64.4% to the VWAP for the one-year period prior to the Offer Announcement, and (bb) a premium of 14.9%, 36.0% and 30.8% over the VWAPs of the Shares for the 6-month, 3-month and one-month periods prior to the Offer Announcement respectively;
- (iii) the Offer Price represents a premium of approximately 21.4% over the closing price of the Shares of S\$0.014 on the Last Trading Day;
- (iv) the average daily trading volume of the Shares were significantly low at 479 Shares, 180 Shares, 234 Shares and 163 Shares for the one-year, 6-month, 3-month and one-month periods prior to the Offer Announcement respectively. Due to the lack of trading liquidity of the Shares, the average daily trading volume of the Shares as a percentage of free float for each of the one-year, 6-month, 3-month and one-month periods prior to the Offer Announcement was less than 0.01%;

Period after the Offer Announcement and up to the Latest Practicable Date

- (v) the Offer Price represents (aa) a premium of approximately 5.6% over the VWAP of S\$0.0161 for the period after the Offer Announcement and up to the Latest Practicable Date, and (bb) a premium of approximately 6.3% over the closing price of the Shares of S\$0.016 on 31 December 2018, being the last Market Day on which the Shares were traded during the period; and
- (vi) during the period after the Offer Announcement and up to the Latest Practicable Date, the average daily trading volume of the Shares was approximately 182 Shares, representing less than 0.01% of free float.

It is noted that due to the lack of trading liquidity of the Shares, the closing prices of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares;

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- (b) an assessment of the historical Share price performance relative to market index, namely, that (i) save for the period between mid-December 2017 and early March 2018, the Shares had generally underperformed the Catalist Index during the period commencing one year prior to the Offer Announcement and ending on the Last Trading Day, and (ii) the closing price of the Shares had increased by approximately 14.3% while the Catalist Index had decreased by approximately 7.6% between the Last Trading Day and the Latest Practicable Date;
- (c) an assessment of the NAV and net cash position of the Group, namely, that (i) the Offer Price is at a significant discount of approximately 66.5% to the unaudited NAV per Share of the Group of S\$0.0507 as at 30 June 2018, and would value the Group at a P/NAV ratio of 0.335 times, and (ii) the Offer Price is at a discount of approximately 25.8% to the unaudited net cash per Share of the Group of S\$0.0229 as at 30 June 2018;
- (d) an assessment of the historical financial performance of the Group, *inter alia*, that (i) the Company recorded a net loss attributable to owners of the Company of approximately S\$0.5 million in 1HY2017 *vis-à-vis* a net profit attributable to owners of the Company of approximately S\$0.5 million in 1HY2018, (ii) the working capital of the Group as at 30 June 2018 amounted to approximately S\$6.8 million, and (iii) the Group recorded net cash from operating activities of approximately S\$0.7 million in 1HY2018 mainly due to an operating cash flow before working capital changes of approximately S\$0.7 million, an increase in trade and other receivables of approximately S\$1.2 million and trade and other payables of approximately S\$1.3 million in 1HY2018;
- (e) a comparison with the valuation ratios of the Comparable Companies as follows:
 - (i) the Company had recorded a net loss and negative EBITDA in FY2017, hence the P/E ratio and the EV/EBITDA ratio of the Company (as implied by the Offer Price) are not applicable; and
 - (ii) the P/NAV ratio of the Company (as implied by the Offer Price) of 0.34 times is (aa) below the range of P/NAV ratios of the Electrical Comparable Companies of between 0.43 times and 0.86 times, and is below the mean and median P/NAV ratios of 0.71 times and 0.83 times of the Electrical Comparable Companies respectively, and (bb) below the range of P/NAV ratios of the Property Management Comparable Companies of between 1.41 times and 3.26 times, and is below the mean and median P/NAV ratios of 2.13 times and 1.73 times of the Property Management Comparable Companies respectively;
- (f) a comparison with the Comparable Transactions as follows:
 - (i) the premium of approximately 21.4% implied by the Offer Price over the closing price of the Shares prior to the Offer Announcement is (aa) within the range of the Comparable Transactions of between a discount of 81.8% and a premium of 68.8%, and (bb) below the corresponding mean premium of 24.2% and above the corresponding median premium of 18.8% of the Comparable Transactions;
 - (ii) the premium of approximately 30.8% implied by the Offer Price over the one-month VWAP of the Shares prior to the Offer Announcement is (aa) within the range of the Comparable Transactions of between a discount of 87.9% and a premium of 93.0%, and (bb) significantly above the corresponding mean and median premia of 19.2% and 16.4% of the Comparable Transactions respectively;

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- (iii) the premium of approximately 36.0% implied by the Offer Price over the 3-month VWAP of the Shares prior to the Offer Announcement is (aa) within the range of the Comparable Transactions of between a discount of 86.0% and a premium of 96.1%, and (bb) significantly above the corresponding mean and median premia of 18.4% and 17.8% of the Comparable Transactions respectively;
 - (iv) the premium of approximately 14.9% implied by the Offer Price over the 6-month VWAP of the Shares prior to the Offer Announcement is (aa) within the range of the Comparable Transactions of between a discount of 90.4% and a premium of 99.6%, and (bb) below the corresponding mean and median premia of 17.8% and 17.8% of the Comparable Transactions respectively; and
 - (v) the P/NAV ratio of 0.34 times implied by the Offer Price is (aa) below the range of the Comparable Transactions of between 0.55 times and 3.21 times, and (bb) significantly below the mean and median offer price-to-NAV ratios of the Comparable Transactions of 1.33 times and 1.00 times respectively; and
- (g) other relevant considerations in relation to the Offer as follows:
- (i) the Offer Price representing a significant discount of between 88.7% and 83.8% to the prices paid for the 2 previous acquisitions of Shares by the Offeror on 9 September 2016 and 30 January 2018;
 - (ii) the Offer Price representing a significant discount of 63.7% to the Placement Price in a previous share placement by the Company which was completed on 24 March 2017;
 - (iii) the outlook of the Group, *inter alia*, that the Company expects the overall business environment for the electrical trading and electrical manufacturing sectors to remain challenging in FY2018 but expects the property consultancy business of the Group to maintain a stable growth rate in the second half year;
 - (iv) the Offeror's intentions for the Company, *inter alia*, that the Offeror intends to undertake a review of the business of the Group with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced following the close of the Offer;
 - (v) the Offer being a conditional offer;
 - (vi) the current intention of the Offeror to maintain the listing status of the Company on the Catalist board of the SGX-ST, and not to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act in the event that it 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 Offer Shares;
 - (vii) there being no competing offer from any third party as at the Latest Practicable Date; and
 - (viii) the Company not having declared and/or paid any dividend since the financial year ended 31 December 1997.

Having considered the aforesaid points including the various factors set out in this letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are not fair and not reasonable. Accordingly, we advise the Recommending Directors to recommend that Shareholders reject the Offer.

APPENDIX A – LETTER FROM THE IFA TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE OFFER

The Recommending Directors should note that transactions of the Shares are subject to possible market fluctuations and, accordingly, our opinion and advice 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 Recommending Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Recommending 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 NCF in each specific case, except for the purpose of the Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore, and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,
For and on behalf of
Novus Corporate Finance Pte. Ltd.

Andrew Leo
Chief Executive Officer

Huong Wei Beng
Director

APPENDIX B – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

Name	Address	Description
Zheng Aimin	No. 30-608 Yuanling Town, Futian District Shenzhen City, Guangdong Province, China	Independent Non-Executive Chairman
Zhang Zhi Liang	18 Pulasan Road, #05-07 The Serennia, Singapore 424385	Executive Director and Chief Executive Officer
Ng Clarence Kar Lung	House 131, Boulevard Du Lac, The Beverly Hills, Tai Po, Hong Kong	Executive Director
Chew Vincent	102A Punggol Field #04-436, Singapore 821102	Non-Executive Director
Huang Anna Yi	House 131, The Beverly Hills, Boulevard Du Lac, Sam Mun Tsai, Tai Po NT, Hong Kong	Non-Executive Director
Tang An	No. 1208, Guo Tai Hao Park, Xin Yue Xuan, Jing Tian Nan Road, Futian District, Shenzhen City, Guangdong Province, China	Independent Director

2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 20 Cross Street, #02-01/02 China Square Central, Singapore 048422.

3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company (formerly named as ITE Electric Co Ltd) was incorporated in Singapore in 1982 and is listed on the Catalist of the SGX-ST. The principal activities of the Group are the trading and distribution of electrical products, the manufacture and assembly of electrical distribution and control equipment, and the provision of property consultancy and management services in the real estate and hospitality industries. The Group operates mainly in three markets - Singapore, Malaysia and China. China was a newly added geographical market as the Group ventured into the property management, real estate and hospitality businesses in 2017, in line with its diversification strategy.

4. SHARE CAPITAL OF THE COMPANY

4.1 Number and class of Shares

The Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Catalist of the SGX-ST. Based on a search conducted at the ACRA as at the Latest Practicable Date, the total issued and paid-up share capital of the Company is S\$24,996,343 comprising 178,337,290 Shares. The Company does not hold any treasury shares.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

4.2 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 Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in Appendix E of this Circular. The Constitution is available for inspection at the registered address of the Company at 20 Cross Street, #02-01/02 China Square Central, Singapore 048422. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

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

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2018, being the end of the last financial year of the Company.

4.4 Convertible instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting Shares.

5. SUMMARY OF FINANCIAL INFORMATION

5.1 Consolidated statements of comprehensive income

A summary of the audited consolidated statement of comprehensive income of the Group for FY2015, FY2016 and FY2017 and the unaudited financial statements of the Group for 1HY2018 is set out below.

The following summary should be read together with the consolidated financial statements for the relevant financial periods, and the related notes thereto. The financial information below has been extracted from the annual reports of the Company for FY2015, FY2016 and FY2017, and the unaudited consolidated financial statements of the Group for 1HY2018, copies of which are available for inspection as set out in Paragraph 18 of this Circular. The audited consolidated financial statements for the Group for FY2017 together with the independent auditor's report and the unaudited consolidated financial statements of the Group for 1HY2018 are set out in Appendices C and D respectively to this Circular.

Consolidated Statement of Comprehensive Income (\$'000)

	Unaudited 1HY2018	Audited FY2017	Audited FY2016	Audited FY2015
Revenue	8,968	14,181	12,100	15,790
Exceptional items	—	—	—	—
Net profit/(loss) before tax	757	290	(297)	11
Net profit/(loss) after tax	461	(39)	(374)	(20)
Net earnings/(loss) per share (cents)	0.26	(0.02)	(0.27)	(0.01)
Net dividends per share (cents)	—	—	—	—
Minority interests	—	—	—	—

APPENDIX B – ADDITIONAL GENERAL INFORMATION

5.2 Consolidated statement of financial position

A summary of the audited consolidated statements of financial position of the Company and the Group as at 31 December 2017 is set out below. The following summary should be read together with the consolidated financial statements and the related notes thereto. The financial information below has been extracted from the annual report of the Company for FY2017, a copy of which is available for inspection as set out in Paragraph 18 of this Circular. The audited consolidated financial statements of the Company and the Group for FY2017 together with the independent auditor's report is set out in Appendix C to this Circular.

Statements of financial position As at 31 December 2017

	Group \$	Company \$
Assets		
Property, plant and equipment	252,503	–
Goodwill	–	–
Subsidiaries	–	7,398,304
Deferred tax assets	124,443	–
Other receivables	457,600	–
Non-current assets	834,546	7,398,304
Inventories	2,286,792	–
Trade and other receivables	4,931,871	878,955
Cash and cash equivalents	3,675,516	117,252
Current assets	10,894,179	996,207
Total assets	11,728,725	8,394,511
Equity		
Share capital	24,936,695	24,936,695
Reserves	(16,444,678)	(17,017,385)
Total equity	8,492,017	7,919,310
Liabilities		
Loan from a related party	330,000	330,000
Trade and other payables	2,551,287	145,201
Current tax liabilities	355,421	–
Current liabilities	3,236,708	475,201
Total liabilities	3,236,708	475,201
Total equity and liabilities	11,728,725	8,394,511

APPENDIX B – ADDITIONAL GENERAL INFORMATION

6. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company in respect of its financial results such as the unaudited financial information of the Group for 1HY2018 as announced on 10 August 2018 and set out in Appendix D of this Circular), there are no material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2017, being the date of the last published audited financial statements of the Group.

7. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

- 7.1 **Significant Accounting Policies.** The audited consolidated financial statements of the Group have been prepared in accordance with the Singapore Financial Reporting Standards. A summary of the significant accounting policies of the Group is set out in Notes 2.5 and 3 of the audited consolidated financial statements of the Group for FY2017, which is reproduced in Appendix C to this Circular.

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

- 7.2 **No Change in Accounting Policies.** As at the Latest Practicable Date, the Group has adopted all applicable new and revised Financial Reporting Standards and Interpretations of Financial Reporting Standards which became effective for accounting periods beginning on or after 1 January 2018. These are not expected to have a material impact on the results of the Group and of the Company for the financial period ended 31 December 2018.

Save as disclosed in this Circular and publicly available information on the Group, the Group has applied the same accounting policies and method of computation as with those in the audited financial statements of the Group for FY2017 and there are no changes in the accounting policies of the Group which will cause the financial statements of the Group not to be comparable to a material extent.

8. DISCLOSURE OF INTERESTS AND DEALINGS

8.1 Shareholdings and dealings

As at the Latest Practicable Date:

- (a) none of the Directors has any direct or deemed interests in any Company Securities; and
- (b) none of the Directors has dealt in any Company Securities during the Relevant Period.

As the Offeror is an individual, the requirements on disclosures relating to shareholdings and dealings in the “offeror” as set out in the Code are not applicable.

8.2 Directors' intentions in relation to the Offer

As at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Company Securities. As such, the requirement on disclosures relating to whether the directors of the offeree company intend, in respect of their own beneficial shareholdings, to accept or reject the offer is not applicable.

APPENDIX B – ADDITIONAL GENERAL INFORMATION

8.3 Directors' service contracts

As at the Latest Practicable Date, (i) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than twelve (12) months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (ii) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the Relevant Period.

8.4 Arrangements affecting directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits which will be made or given to any Director or any director of any 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 a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

9. **DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER**

None of the IFA or any of the funds whose investments are managed by the IFA on a discretionary basis, owns or controls any Company Securities as at the Latest Practicable Date, or has dealt with any Company Securities during the Relevant Period.

10. **MATERIAL CONTRACTS WITH INTERESTED PERSONS**

As at the Latest Practicable Date, there have been no material contracts (not being contracts entered into in the ordinary course of business carried on by the Company) entered into by the Company or any of its subsidiaries with Interested Persons, during the three (3) years preceding the Offer Announcement Date.

11. **MATERIAL LITIGATION**

As at the Latest Practicable Date:

- (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 proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

The audited consolidated financial statements of the Group for FY2017 set out in this Appendix C have been extracted from the Company's annual report for FY2017, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the notes to the audited consolidated financial statements of the Group for FY2017 set out in this Appendix C shall have the same meanings given to them in the annual report of the Company for FY2017.

A copy of the annual report of the Company for FY2017 is available for inspection at the registered address of the Company at 20 Cross Street #02-01/02 China Square Central, Singapore 048422, during normal business hours until the Closing Date.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

DIRECTORS' STATEMENT

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

- (a) the financial statements set out on pages 40 to 91 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of Company as at 31 December 2017 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Zhang Zhi Liang
Ng Clarence Kar Lung
Zheng Aimin
Tang An
Chew Vincent

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There was no change in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Audit committee

The members of the Audit Committee during the year and at the date of this statement are:

- | | |
|----------------|--------------------------------|
| • Tang An | Chairman, Independent Director |
| • Zheng Aimin | Member, Independent Director |
| • Chew Vincent | Member, Non-Executive Director |

The Audit Committee performs the functions specified in Section 201B of the Act, the Catalist Rules and the 2012 Code of Corporate Governance.

During the financial year, the Audit Committee met twice. The principal responsibility of the Audit Committee is to assist the Board of Directors in the identification and monitoring of areas of significant business risks including the following:

- The effectiveness of the management of financial business risks and the reliability of management reporting;
- Compliance with laws and regulations, particularly those of the Companies Act, Chapter 50 and the Catalist Rules;
- The appropriateness of interim and full year financial statement announcements and reports;
- The significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters;
- The effectiveness and efficiency of external and internal audits; and
- Interested person transactions (as defined in Chapter 9 of the Catalist Rules).

Specific functions of the Audit Committee include reviewing the scope of work of the external and internal auditors and the assistance given by the Company to the auditors and receiving and considering the reports of the external and internal auditors including their evaluation of the system of internal controls. The consolidated financial statements of the Group are reviewed by the Audit Committee prior to their submission to the Board of Directors for adoption.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Catalist Rules, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, sought approval for interested person transactions and with the assistance of the management, reviewed interested person transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

DIRECTORS' STATEMENT

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the external auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The Auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Zhang Zhi Liang

Director

Ng Clarence Kar Lung

Director

5 April 2018

INDEPENDENT AUDITORS' REPORT

Members of the Company
Sunrise Shares Holdings Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sunrise Shares Holdings Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 91.

In our opinion, the accompanying consolidated financial statement of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Valuation of inventories

Refer to Note 8 to the financial statements

The key audit matter

As at 31 December 2017, the Group has electrical products inventories that are traded with customers in the construction sector in Singapore and Malaysia. These inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less cost of completion and selling expenses.

A slowdown in the construction sector may result in lower demand for the Group's electrical products. In addition, the Group's electrical trading business is highly competitive with other suppliers selling products that are similar to the Group's electrical products. There is a risk that the net realisable value of the Group's inventories may fall below their carrying amounts as a result of declining selling prices or an increase in obsolete inventories.

The Group assessed the recoverability of their inventories and provided for estimated losses that may result from the inability of the Group to sell these inventories, at a level considered adequate to provide for potentially obsolete inventories.

How the matter was addressed in our audit

We reviewed the Group's ageing of inventories and management's assessment of the net realisable value of inventories. We tested the inventory ageing profile prepared by management for the purpose of reliance on the inventory ageing profile for our analysis.

We challenged management's assessment of the net realisable value of inventories taking into account the historical sales of significant inventory items, technological changes, and obsolescence or damage identified on certain items of inventories during the Group's inventory count exercise. We also compared the cost of inventories with the latest available selling prices of the various products carried by the Group to identify products that are sold at selling prices that are lower than cost.

Findings

We found that the Group's assessment of net realisable value of inventories and their estimated write-down of inventory values to be reasonable. The Group's disclosures related to the write-down and/or reversal of write-down of inventories in the financial year were found to be appropriate.

INDEPENDENT AUDITORS' REPORT

Valuation of trade receivables

Refer to Note 9 to the financial statements

The key audit matter

The Group serves customers in the construction industry in Singapore and Malaysia. The financial health of customers that operate in the construction industry are directly influenced by the developments in the construction industry. Adverse developments in the Singapore and Malaysia construction industries will have a negative impact on the financial health of the Group's customers, which in turn, results in higher credit risk to the Group.

The Group assessed the recoverability of their trade receivables and provided for estimated losses that may result from the inability of the Group's customers to make the required payments, at a level considered adequate to provide for potential uncollectible receivables.

How the matter was addressed in our audit

We reviewed the Group's profile of trade receivables and management's assessment of the recoverability of individually significant trade receivables. We tested the trade receivables ageing profile prepared by management for the purpose of placing reliance on the trade receivables ageing profile for our analysis. We challenged management's assessment on the recovery of trade receivables taking into consideration past payment patterns, financial health of customers and the cash received subsequent to the year end from customers.

We compared management's collective provision for trade receivables against historical trends of customers' default and the level of bad debts incurred in the past 3 years.

Findings

We found that the Group's assessment of trade receivables recoverability and their estimates of provision for doubtful debts to be reasonable. The Group's disclosures related to credit risk profile of trade receivables and the provision of doubtful debts recognised were found to be appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITORS' REPORT

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang Adrian.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

5 April 2018

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017	2016	2017	2016
		\$	\$	\$	\$
Assets					
Property, plant and equipment	4	252,503	157,358	–	–
Goodwill	5	–	–	–	–
Subsidiaries	6	–	–	7,398,304	7,071,736
Deferred tax assets	7	124,443	94,956	–	–
Other receivables	9	457,600	–	–	–
Non-current assets		834,546	252,314	7,398,304	7,071,736
Inventories	8	2,286,792	2,100,302	–	–
Trade and other receivables	9	4,931,871	3,314,702	878,955	68,936
Cash and cash equivalents	10	3,675,516	2,876,986	117,252	123,924
Current assets		10,894,179	8,291,990	996,207	192,860
Total assets		11,728,725	8,544,304	8,394,511	7,264,596
Equity					
Share capital	11	24,936,695	23,017,895	24,936,695	23,017,895
Reserves	12	(16,444,678)	(16,459,268)	(17,017,385)	(16,207,348)
Total equity		8,492,017	6,558,627	7,919,310	6,810,547
Liabilities					
Loan from a related party	13	330,000	330,000	330,000	330,000
Trade and other payables	14	2,551,287	1,642,700	145,201	124,049
Current tax liabilities		355,421	12,977	–	–
Current liabilities		3,236,708	1,985,677	475,201	454,049
Total liabilities		3,236,708	1,985,677	475,201	454,049
Total equity and liabilities		11,728,725	8,544,304	8,394,511	7,264,596

The accompanying notes form an integral part of these financial statements.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2017

		Group	
	Note	2017 \$	2016 \$
Revenue	15	14,180,928	12,099,618
Changes in inventories of finished goods and work-in-progress		(8,764,016)	(8,296,780)
Raw materials and consumables used		(453,568)	(605,483)
Sales agent fee		(682,532)	–
Other income	16	178,489	422,303
Staff costs	16	(2,073,221)	(2,213,732)
Depreciation of property, plant and equipment	4	(50,801)	(35,049)
Other expenses	16	(2,118,607)	(1,707,030)
Finance income	17	73,527	47,151
Finance cost	17	–	(8,309)
Profit/(Loss) before tax	16	290,199	(297,311)
Tax expense	18	(329,285)	(76,950)
Loss for the year		(39,086)	(374,261)
Loss attributable to:			
Owners of the Company		(39,086)	(374,261)
Loss per share			
Basic loss per share (cents)	19	(0.02)	(0.27)
Diluted loss per share (cents)	19	(0.02)	(0.27)

The accompanying notes form an integral part of these financial statements.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	2016
	\$	\$
Loss for the year	(39,086)	(374,261)
Other comprehensive income		
Items that are or may be reclassified		
subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	53,676	(59,475)
Other comprehensive income for the year,		
net of tax	53,676	(59,475)
Total comprehensive income for the year	14,590	(433,736)
Total comprehensive income attributable to:		
Owners of the Company	14,590	(433,736)

The accompanying notes form an integral part of these financial statements.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Share capital \$	Foreign currency translation reserve \$	Other reserve \$	Accumulated losses \$	Total equity \$
At 1 January 2016	23,017,895	(1,112,499)	77,297	(14,990,330)	6,992,363
Total comprehensive income for the year					
Loss for the year	–	–	–	(374,261)	(374,261)
Other comprehensive income					
Foreign currency translation differences	–	(59,475)	–	–	(59,475)
Total other comprehensive income, net of tax	–	(59,475)	–	–	(59,475)

Total comprehensive income for the year	–	(59,475)	–	(374,261)	(433,736)
At 31 December 2016	23,017,895	(1,171,974)	77,297	(15,364,591)	6,558,627

	Note	Share capital \$	Foreign currency translation reserve \$	Statutory reserve \$	Other reserve \$	Accumulated losses \$	Total equity \$
At 1 January 2017		23,017,895	(1,171,974)	–	77,297	(15,364,591)	6,558,627
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(39,086)	(39,086)
Other comprehensive income							
Foreign currency translation differences		–	53,676	–	–	–	53,676
Total other comprehensive income, net of tax		–	53,676	–	–	–	53,676
Total comprehensive income for the year		–	53,676	–	–	(39,086)	14,590
Transaction with owners, recognised directly in equity							
Contribution by and distributions to owners							
Issuance of new ordinary shares	11	1,918,800	–	–	–	–	1,918,800
Total contributions by and distribution to owners		1,918,800	–	–	–	–	1,918,800
Transfer to statutory reserve		–	–	87,158	–	(87,158)	–
At 31 December 2017		24,936,695	(1,118,298)	87,158	77,297	(15,490,835)	8,492,017

The accompanying notes form an integral part of these financial statements.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 \$	2016 \$
Cash flows from operating activities			
Loss for the year		(39,086)	(374,261)
Adjustments for:			
Allowance for/(Reversal of) doubtful receivables	16	145,963	(2,404)
Write-off of other receivables	16	–	19,407
Allowance for inventory obsolescence	16	206,093	28,493
Gain on disposal of property, plant and equipment	16	(4,659)	–
Depreciation of property, plant and equipment	4	50,801	35,049
Finance income	17	(73,527)	(28,077)
Interest expense	17	–	8,309
Tax expense	18	329,285	76,950
		614,870	(236,534)
Changes in working capital:			
Trade and other receivables		(1,608,016)	1,095,897
Inventories		(373,754)	205,070
Trade and other payables		794,388	(424,284)
Cash (used in)/generated from operations		(572,512)	640,149
Tax paid		(16,328)	(80,880)
Net cash (used in)/from operating activities		(588,840)	559,269
Cash flows from investing activities			
Interest received		42,203	28,077
Loan due from a third party		(457,600)	–
Acquisition of property, plant and equipment		(143,892)	(45,197)
Proceeds from sale of property, plant and equipment		4,659	–
Net cash used in investing activities		(554,630)	(17,120)
Cash flows from financing activities			
Deposits pledged		–	558,637
Interest paid		–	(8,309)
Issuance of new ordinary shares	11	1,918,800	–
Repayment of loans and borrowings		–	(202,571)
Loan from a related party		–	330,000
Net cash from financing activities		1,918,800	677,757
Net increase in cash and cash equivalents		775,330	1,219,906
Cash and cash equivalents at beginning of the year		2,876,986	1,673,928
Effect of exchange rate changes on cash balances held in foreign currencies		23,200	(16,848)
Cash and cash equivalents at end of the year	10	3,675,516	2,876,986

The accompanying notes form an integral part of these financial statements.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2018.

1 Domicile and activities

Sunrise Shares Holdings Ltd. (the Company) is incorporated in the Republic of Singapore, and has its registered office at 6 Battery Road, #10-01, Singapore 049909.

The principal activities of the Group and the Company are those of investment holding, trading and distributors of electrical products, and property consultancy and management. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 comprise the financial statements of the Company and its subsidiaries.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except when stated otherwise.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 25 – *Accounting estimates and judgements*.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016)*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendment to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see Note 21).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Company

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following category: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepayment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise loan from a related party and trade and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Goodwill

Goodwill arises upon the acquisition of subsidiaries. For the measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset, any other costs directly attributable to bringing the asset to a working condition for its intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Depreciation (cont'd)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and building	–	Lower of 53 years and lease term
Machinery and equipment	–	3 to 10 years
Furniture and office equipment	–	3 to 10 years
Renovation	–	1 to 10 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period and adjusted if appropriate.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or there are adverse changes in the payment status of borrowers.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of electrical products, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods on to the relevant carrier at the port.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.11 Revenue (cont'd)

Property consultancy and management fee

The Group recognises fees for property consultancy and management services as the services are rendered.

3.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on loans and borrowings are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) and other key management personnel (collectively Chief Operating Decision Maker (CODM)) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

Applicable to 2018 financial statements (cont'd)

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

Preliminarily, the Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet, and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 retrospectively, except as described below, and the comparative period presented in the 2018 financial statements will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The expected impact upon the adoption of SFRS(I) 15 are described below. The information below reflects the Group's expectations of the tax implications arising from the changes in accounting treatment. Tax effects may change when the transition adjustments are finalised.

(i) Identification of performance obligations

The Group currently recognises revenue for goods and services in accordance with the terms and conditions of its revenue arrangements. Under SFRS(I) 15, the Group is required to identify distinct performance obligations (PO) in bundled arrangements and account for each PO separately, unless it can be demonstrated that the Group provides a significant integrated service; and the goods or services within the contract are highly dependent on or highly integrated with other goods or services. The Group has evaluated the criteria required for contracts with multiple performance obligations and has put in place process to assess, track and monitor the recognition of revenue for each performance obligation. Based on their preliminary assessment, the Group assessed that there are no current revenue arrangements with multiple performance obligations that might result in a significant impact on the timing and amount of revenue recognition.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 15 (cont'd)

(ii) Variable consideration

The Group's contracts may include variable considerations such as discounts, penalties, including liquidated damages for delays, or other similar terms. Under SFRS(I) 15, the Group is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in contract revenue to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

Based on the Group's preliminary assessment, the Group does not expect the variable consideration elements of their revenue arrangement to be significant.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively.

- The Group is currently assessing their options in respect of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 would then be recognised in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.
 - The determination of the business model within which a financial assets is held.
 - The determination of whether contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).
 - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

The Group's expectation of the implications arising from the changes in the accounting treatment are described below. However, the actual tax effect may change when the transition adjustments are finalised by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. Preliminarily, the Group assessed that any deviation in impairment losses for trade and other receivables as a result of adopting the new standard is not significant to the profit or loss.

The Group is currently finalising their assessment and tests of the ECL model and the quantum of the final transition adjustments will be finalised upon the completion of their tests.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below. The Group also preliminarily assessed that SFRS(I) 17 is not relevant to the Group as the Group does not issue insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to Note 22).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. As at 31 December 2017, the operating lease commitments (of less than a year) on an undiscounted basis amount is not significant to the consolidated total assets and consolidated total liabilities.

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4 Property, plant and equipment

	Leasehold land and building	Machinery and equipment	Furniture and office equipment	Renovation	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
Group						
Cost						
At 1 January 2016	146,046	1,098,803	993,277	26,351	441,904	2,706,381
Additions	–	225	6,213	18,100	20,659	45,197
Write-off	–	(232,282)	(646,399)	–	(270,747)	(1,149,428)
Effect of movements in exchange rate	(3,059)	(14,973)	(2,531)	(551)	(1,970)	(23,084)
At 31 December 2016	142,987	851,773	350,560	43,900	189,846	1,579,066
At 1 January 2017	142,987	851,773	350,560	43,900	189,846	1,579,066
Additions	–	–	59,256	–	84,636	143,892
Disposals	–	–	(2,421)	–	(20,528)	(22,949)
Effect of movements in exchange rate	3,236	19,153	3,108	584	2,552	28,633
At 31 December 2017	146,223	870,926	410,503	44,484	256,506	1,728,642
Accumulated depreciation						
At 1 January 2016	75,911	1,091,349	956,001	26,351	407,809	2,557,421
Depreciation for the year	2,960	1,504	15,798	–	14,787	35,049
Write-off	–	(232,282)	(646,399)	–	(270,747)	(1,149,428)
Effect of movements in exchange rate	(1,690)	(15,010)	(2,113)	(551)	(1,970)	(21,334)
At 31 December 2016	77,181	845,561	323,287	25,800	149,879	1,421,708
At 1 January 2017	77,181	845,561	323,287	25,800	149,879	1,421,708
Depreciation for the year	2,849	1,318	17,463	6,033	23,138	50,801
Disposals	–	–	(2,421)	–	(20,528)	(22,949)
Effect of movements in exchange rate	1,821	19,078	2,773	584	2,323	26,579
At 31 December 2017	81,851	865,957	341,102	32,417	154,812	1,476,139
Carrying amounts						
At 1 January 2016	70,135	7,454	37,276	–	34,095	148,960
At 31 December 2016	65,806	6,212	27,273	18,100	39,967	157,358
At 31 December 2017	64,372	4,969	69,401	12,067	101,694	252,503

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4 Property, plant and equipment (cont'd)

In the prior year, leasehold land and buildings with carrying amounts of \$65,806 were pledged to a financial institution to secure credit facilities for certain subsidiaries. As at 31 December 2017, the pledge has been discharged.

5 Goodwill

	Group	
	2017	2016
	\$	\$
Cost		
At 1 January and 31 December	193,026	193,026
Accumulated impairment loss		
At 1 January and 31 December	193,026	193,026
Carrying amount		
At 1 January and 31 December	–	–

Goodwill is attributable to the Group's acquisition of ITE Lumens Pte. Ltd. (ITE Lumens), an entity in the business of trading of lighting products, fixtures and accessories in 2011.

In 2013, an impairment assessment was performed on the carrying amount and goodwill attributable to ITE Lumens. The recoverable amount of ITE Lumens was based on its value in use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of ITE Lumens. The recoverable amount of ITE Lumens was determined to be lower than its carrying amount. Consequently, full impairment loss of \$193,026 was recognised in 2013. As at 31 December 2017, ITE Lumens has been inactive.

6 Subsidiaries

	Company	
	2017	2016
	\$	\$
Unquoted equity instrument, at cost	8,202,129	7,875,561
Impairment losses	(803,825)	(803,825)
	7,398,304	7,071,736

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6 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Group's effective equity interest	
			2017 %	2016 %
ITE Electric Systems Co Pte. Ltd.*	Trading and distribution of electrical products	Singapore	100	100
Electech Distribution Systems Sdn. Bhd.** and its subsidiaries:	Electrical distribution and control equipment	Malaysia	100	100
Electech Manufacturing Sdn. Bhd.**@	Manufacturing and assembly of electrical distribution and control equipment	Malaysia	100	100
ITE Lumens Pte. Ltd.*@^	Trading of lighting products, fixtures and accessories	Singapore	100	100
Sunrise Industrial (Singapore) Pte. Ltd.@^	Property fund management and real estate investment trusts	Singapore	100	100
Hong Kong Sunrise Development Ltd@^ and its subsidiaries:	Investment holding company	Hong Kong	100	100
– Shenzhen Sunrise Development Ltd@^	Property consultancy, management and related services	China	100	100
– Shenzhen Tonglin Development Ltd@^	Property consultancy, management and related services	China	100	–
– Shenzhen Tonglin Consultancy Management Ltd#	Property consultancy and project management	China	100	–
Sunrise Investment Limited***	Investment holdings	Cayman Islands	100	–

* Audited by KPMG LLP Singapore.

** Audited by member firms of KPMG International.

*** No audit required

Audited by KPMG LLP Singapore for group consolidation purpose.

^ The entity is inactive in 2017.

@ Not a significant subsidiary under SGX Listing Rule 717.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firm of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

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7 Deferred tax assets

Movements in deferred tax assets of the Group during the year are as follows:

	At 1 January \$	Recognised in profit or loss (Note 18) \$	Exchange differences \$	At 31 December \$
Group				
2017				
Deferred tax assets				
Tax losses carried-forward	52,873	–	1,196	54,069
Unabsorbed capital allowance	14,596	–	7,953	22,549
Others	27,487	26,634	(6,296)	47,825
	94,956	26,634	2,853	124,443
2016				
Deferred tax assets				
Tax losses carried-forward	54,004	–	(1,131)	52,873
Property, plant and equipment	22,521	–	(7,925)	14,596
Others	20,462	–	7,025	27,487
	96,987	–	(2,031)	94,956
Deferred tax liabilities				
Property, plant and equipment	(2,164)	2,164	–	–

Deferred tax assets have not been recognised in respect of the following items:

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Tax losses carry-forward	2,513,279	1,530,923	1,603,157	793,120

The unutilised tax losses available for carry forward and set-off against future taxable profits are subject to the agreement of the local tax authorities and compliance with certain provisions of the tax legislation. Deferred tax assets have not been recognised due to the uncertainty of the availability of future taxable profits against which the Group can utilise the benefits. The tax losses and other temporary differences do not expire under current tax legislations.

The Group's tax losses carried forward comprise tax losses arising from its operations in Singapore and the People's Republic of China (PRC). Under the applicable PRC tax legislation, tax losses amounting to \$25,613 are expected to expire within 5 years.

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8 Inventories

	Group	
	2017	2016
	\$	\$
Raw materials and consumables	224,287	144,129
Work in progress	569	1,693
Finished goods	1,828,528	1,728,294
Goods-in-transit	233,408	226,186
	2,286,792	2,100,302

During the year, the write-down of inventories to net realisable value by the Group amounted to \$206,093 (2016: \$28,493).

9 Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade receivables (net)	4,604,683	2,943,928	–	–
Deposits	225,307	283,700	–	–
Other receivables (net)	519,844	34,424	9,300	56,010
Amounts due from a subsidiary				
– non-trade	–	–	869,655	–
Loans and receivables	5,349,834	3,262,052	878,955	56,010
Prepayments	39,637	52,650	–	12,926
	5,389,471	3,314,702	878,955	68,936
Non-current	457,600	–	–	–
Current	4,931,871	3,314,702	878,955	68,936
	5,389,471	3,314,702	878,955	68,936

Non-trade amounts due from a subsidiary are unsecured, interest-free and are repayable on demand. No allowance for impairment loss has been made on these outstanding balances.

Included in other receivables is a loan due from a third party of S\$457,600. The loan is unsecured, bears interest of 15% per annum and is repayable in 2 years.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in Note 21.

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10 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash at bank and in hand	2,873,265	2,148,866	117,252	123,924
Fixed deposits	802,251	728,120	–	–
	<u>3,675,516</u>	<u>2,876,986</u>	<u>117,252</u>	<u>123,924</u>

The weighted average effective interest rates per annum relating to fixed deposits at the reporting date for the Group is 3.63% (2016: 3.63%).

11 Share capital

	Ordinary shares	
	2017	2016
	No. of shares	
Company		
In issue at 1 January	137,337,290	137,337,290
Issued for cash	41,000,000	–
In issue at 31 December	<u>178,337,290</u>	<u>137,337,290</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issue of ordinary share

On 15 March 2017, the Singapore Exchange Securities Trading Limited (SGX-ST) granted its approval for the listing and quotation of 41,000,000 placement ordinary shares to be allocated and issued by the Company for a consideration of \$1,918,800 (at \$0.0468 per new ordinary share). On 24 March 2017, the Company completed the placement of the new ordinary shares.

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12 Reserves

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Foreign currency translation reserve	(1,118,298)	(1,171,974)	–	–
Statutory reserve	87,158	–	–	–
Other reserve	77,297	77,297	–	–
Accumulated losses	(15,490,835)	(15,364,591)	(17,017,385)	(16,207,348)
	(16,444,678)	(16,459,268)	(17,017,385)	(16,207,348)

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

In accordance with the Foreign Enterprise Law applicable to entities in the PRC, the Group's PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund SRF. At least 10% of the profit after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the PRC entity's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the PRC entity. The SRF is not available for dividend distribution to shareholders

Other reserve relates to the difference of the net recognised amount of the identifiable assets acquired and liabilities assumed over fair value of the consideration on the acquisition of the non-controlling interests in prior years.

13 Loan from a related party

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Loan from a related party	330,000	330,000	330,000	330,000

In 2016, a related party, which has the same controlling shareholder as the Company, extended a loan to the Company. The loan is unsecured, interest-free and is repayable on demand. In the prior year, the related party held shares in the Company which was disposed of to another related party in 2017.

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14 Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade payables	1,712,873	1,040,101	–	–
Accrued operating expenses	503,422	433,241	120,401	38,722
Other payables	334,992	169,358	24,800	85,327
	2,551,287	1,642,700	145,201	124,049

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 21.

15 Revenue

	Group	
	2017	2016
	\$	\$
Sale of electrical products	12,266,831	12,099,618
Property consultancy and management fee	1,914,097	–
	14,180,928	12,099,618

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16 Profit/(Loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group 2017 \$	2016 \$
Other income		
Rental income	–	249,777
Rebates received	24,321	24,416
Gain on disposal of property, plant and equipment	4,659	–
Government grant	67,575	119,421
Miscellaneous income	81,934	28,689
Total other income	178,489	422,303
Staff costs		
Wages and salaries	1,694,764	1,828,821
Contributions to defined contribution plans	189,827	232,920
Other related staff costs	188,630	151,991
Total staff costs	2,073,221	2,213,732
Other expenses		
Operating lease expenses	350,908	776,420
Audit fees paid and payable to:		
– auditors of the Company	82,500	62,700
– other auditors	14,137	13,900
Non-audit fees paid to:		
– other auditors	10,000	10,000
Allowance for/(Reversal of) doubtful receivables	145,963	(2,404)
Write-off of other receivables	–	19,407
Allowance for inventory obsolescence	206,093	28,493
Utilities	47,255	74,527
Professional fees	653,362	213,454
Insurance expense	23,671	53,562
Others	584,718	456,971
Total other expenses	2,118,607	1,707,030

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17 Finance income and finance costs

	Group	
	2017	2016
	\$	\$
Interest income on bank balances	29,197	28,077
Interest income on loan due from a third party	13,006	–
Foreign exchange gain, net	31,324	19,074
Finance income	73,527	47,151
Interest paid and payable to banks	–	8,309
Finance costs	–	8,309

18 Tax expense

	Note	Group	
		2017	2016
		\$	\$
<i>Tax recognised in profit or loss</i>			
Current tax expense			
– Current year		354,785	67,461
– Under provision in respect of prior years		1,134	7,325
		355,919	74,786
Deferred tax			
– Current year		(26,410)	2,164
– Over provision in respect of prior years		(224)	–
	7	(26,634)	2,164
Total tax expense		329,285	76,950
<i>Reconciliation of effective tax rate</i>			
Profit/(Loss) before tax		290,199	(297,311)
Tax using the Singapore tax rate of 17% (2016: 17%)		49,334	(50,543)
Effect of different tax rates in other countries		100,690	19,821
Non-deductible expenses		11,351	14,808
Current year losses for which no deferred tax asset was recognised		167,000	85,539
Under provision of tax in respect of prior years		910	7,325
		329,285	76,950

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19 Loss per share

Basic loss per share

The calculation of basic loss per share is based on the following:

	Group	
	2017	2016
	\$	\$
Loss for the year attributable to owners of the Company	(39,086)	(374,261)
Weighted – average number of ordinary shares		
	No. of shares	
	2017	2016
Issued ordinary shares at 1 January	137,337,290	137,337,290
Effect of new ordinary shares issued	31,676,712	–
Weighted average number of ordinary shares	169,014,002	137,337,290
Basic loss per share (cents)	(0.02)	(0.27)

Diluted loss per share

There were no instruments that would have an effect of diluting the loss per share of the Group for the years ended 31 December 2017 and 2016.

20 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (CEO) and other key management personnel (collectively Chief Operating Decision Maker (CODM)) reviews internal management reports on a monthly basis to make strategic decisions and resource allocation. The following summary describes the operations in each of the Group's reportable segments:

- (a) Electrical trading: Sale of electrical products;
- (b) Electrical manufacturing: Manufacture and assembly of electrical products; and
- (c) Property consultancy and management.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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20 Operating segments (cont'd)

	Electrical trading \$	Electrical manufacturing \$	Property consultancy and management \$	Total consolidated balances \$
2017				
Revenue				
External revenue	12,230,826	36,005	1,914,097	14,180,928
Inter-segment revenue	169,674	655,897	–	825,571
Finance income	45,530	14,991	13,006	73,527
Depreciation of property, plant and equipment	(47,779)	(3,022)	–	(50,801)
Reportable segment (loss)/profit before tax	(22,296)	(6,665)	1,141,983	1,113,022
Other material non-cash items				
– Allowance for inventory obsolescence	193,298	12,795	–	206,093
– Allowance for doubtful receivables	145,648	315	–	145,963
	338,946	13,110	–	352,056
Reportable segment assets	7,454,407	829,132	3,097,945	11,381,484
Capital expenditure	142,720	1,172	–	143,892
Reportable segment liabilities	1,540,275	77,215	775,075	2,392,565
2016				
Revenue				
External revenue	12,008,501	91,117	–	12,099,618
Inter-segment revenue	12,553	776,539	–	789,092
Finance income	6,936	21,141	–	28,077
Finance costs	(6,657)	(1,652)	–	(8,309)
Depreciation charge of property, plant and equipment	(31,680)	(3,369)	–	(35,049)
Reportable segment (loss)/profit before tax	(79,090)	15,509	–	(63,581)
Other material non-cash items				
– Allowance for inventory obsolescence	(19,927)	(8,566)	–	(28,493)
– Reversal of doubtful receivables	2,404	–	–	2,404
– Write-off of other receivables	(19,407)	–	–	(19,407)
	(36,930)	(8,566)	–	(45,496)
Reportable segment assets	7,353,501	893,048	–	8,246,549
Capital expenditure	45,197	–	–	45,197
Reportable segment liabilities	1,412,811	154,398	–	1,567,209

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20 Operating segments (cont'd)

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items

	2017 \$	2016 \$
Revenue		
Total revenue for reportable segments	15,006,499	12,888,710
Elimination of inter-segment revenue	(825,571)	(789,092)
Consolidated revenue	14,180,928	12,099,618
Profit or loss before tax		
Total profit/(loss) before tax for reportable segments	1,113,022	(63,581)
Unallocated	(825,542)	(239,323)
Elimination of inter-segment profits	2,719	5,593
Consolidated profit/(loss) before tax	290,199	(297,311)
Assets		
Total assets for reportable segments	11,381,484	8,246,549
Unallocated	222,798	202,799
Deferred tax assets	124,443	94,956
Consolidated total assets	11,728,725	8,544,304
Liabilities		
Total liabilities for reportable segments	2,392,565	1,567,209
Unallocated	488,722	405,491
Current tax liabilities	355,421	12,977
Consolidated total liabilities	3,236,708	1,985,677

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20 Operating segments (cont'd)

Geographical segments

The electrical trading and manufacturing segments are managed locally but operate in two principal countries, namely Singapore and Malaysia. The property consultancy and management segment operates in China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue \$	Non-current assets \$
2017		
Singapore	8,812,542	116,267
Malaysia	2,811,547	136,236
China	1,914,097	457,600
Other countries	642,742	–
	14,180,928	710,103
2016		
Singapore	8,694,736	45,154
Malaysia	3,252,086	112,204
Other countries	152,796	–
	12,099,618	157,358

Major customer

In the current year, revenue from a customer in the Group's property consultancy and management segment amounted to \$1,684,981 of the Group's total revenues. In the prior year, a major customer of the Group's electrical trading segment accounts for \$1,068,339 of the Group's total revenue.

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21 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's operations and risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Cash and fixed deposits are placed with financial institutions which are regulated.

Loans and receivables

Concentration of credit risk relating to loans and receivables is limited as the customers are widely dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets.

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21 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Loans and receivables (cont'd)

The maximum exposure to credit risk for loans and receivables at the reporting date (by type of customer) is:

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Property developer	1,447,694	—	—	—
Contractors	1,424,847	934,853	—	—
Dealers	1,349,051	1,500,707	—	—
Others	1,128,242	826,492	878,955	56,010
	5,349,834	3,262,052	878,955	56,010

At the reporting date, approximately 55% (2016: 51%) of the Group's loans and receivables generated were due from ten (2016: ten) major customers.

Impairment losses

The ageing of loans and receivables that were not impaired at the reporting date was:

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Not past due	3,392,255	1,298,350	878,955	56,010
Past due 1 – 30 days	877,830	879,706	—	—
Past due 31 – 60 days	683,824	581,922	—	—
Past due 61 – 90 days	170,617	293,073	—	—
More than 90 days	225,308	209,001	—	—
	5,349,834	3,262,052	878,955	56,010

At each reporting date, the Group assesses whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group believes that the amounts not impaired and are past due by more than 30 days are still collectible, based on past patterns.

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NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Impairment losses (cont'd)

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the amounts provided for impairment losses, no additional impairment allowances is necessary in respect of trade receivables not past due or past due by more than 30 days.

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
At 1 January	533,128	523,298	–	–
Impairment loss recognised	145,963	–	–	–
Reversal of impairment loss	–	(2,404)	–	–
Translation differences	(29,944)	12,234	–	–
At 31 December	649,147	533,128	–	–

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its liquidity risk by matching the payment and receipt cycle to maintain sufficient cash and having credit facilities available to meet its funding requirements.

The following are the contractual maturities of non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$
Group			
2017			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	2,551,287	(2,551,287)	(2,551,287)
	<u>2,881,287</u>	<u>(2,881,287)</u>	<u>(2,881,287)</u>
2016			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	1,642,700	(1,642,700)	(1,642,700)
	<u>1,972,700</u>	<u>(1,972,700)</u>	<u>(1,972,700)</u>

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NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$
Company			
2017			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	145,201	(145,201)	(145,201)
	475,201	(475,201)	(475,201)
2016			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	124,049	(124,049)	(124,049)
	454,049	(454,049)	(454,049)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities Loan from a related party \$	Equity Share capital \$	Total \$
Balance at 1 January 2017	330,000	23,017,885	23,347,895
Changes from financing cash flows	–	–	–
Issuance of new ordinary shares	–	1,918,800	1,918,800
Total changes from funding cash flows	–	1,918,800	1,918,800
Balance at 31 January 2017	330,000	24,936,695	25,266,695

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to interest bearing financial assets and outstanding loans and borrowings.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management was as follows:

	Group	
	Nominal amount	
	2017	2016
	\$	\$
Fixed rate instruments		
Fixed deposits	802,251	728,120
Other receivables	457,600	–
	1,259,851	728,120

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Foreign currency risk

The Group incurs foreign currency risk on purchases and borrowings that are denominated in currencies other than the Singapore dollar. The currencies giving rise to this foreign currency risk are primarily the Euro and United States (US) dollar. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level. The Group does not hedge its foreign currency exposure.

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NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

The Group's exposures to foreign currencies in Singapore dollar equivalent are as follows:

	←----- 2017 -----→		←----- 2016 -----→	
	Euro	US dollar	Euro	US dollar
	\$	\$	\$	\$
Group				
Trade and other receivables	–	–	19,873	574
Cash and cash equivalents	–	2,735	1,909	–
Trade and other payables	(72,146)	(374,168)	(182,008)	(123,000)
	(72,146)	(371,433)	(160,226)	(122,426)

The Company does not have exposure to foreign currency risk.

Sensitivity analysis

A 10% strengthening of the respective foreign currencies against the Singapore dollar at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit or loss \$
2017	
Euro	(7,215)
US dollar	(37,143)
2016	
Euro	(16,023)
US dollar	(12,243)

A 10% weakening of the respective foreign currencies against the Singapore dollar would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Carrying amount		
		Loans and	Other	Total
		receivables	financial	
		\$	\$	\$
Group				
31 December 2017				
Financial assets not measured at fair value				
Trade and other receivables*	9	5,349,834	–	5,349,834
Cash and cash equivalents	10	3,675,516	–	3,675,516
		<u>9,025,550</u>	<u>–</u>	<u>9,025,550</u>
Financial liabilities not measured at fair value				
Loan from a related party	13	–	(330,000)	(330,000)
Trade and other payables	14	–	(2,551,287)	(2,551,287)
		<u>–</u>	<u>(2,881,287)</u>	<u>(2,881,287)</u>
31 December 2016				
Financial assets not measured at fair value				
Trade and other receivables*	9	3,262,052	–	3,262,052
Cash and cash equivalents	10	2,876,986	–	2,876,986
		<u>6,139,038</u>	<u>–</u>	<u>6,139,038</u>
Financial liabilities not measured at fair value				
Loan from a related party	13	–	(330,000)	(330,000)
Trade and other payables	14	–	(1,642,700)	(1,642,700)
		<u>–</u>	<u>(1,972,700)</u>	<u>(1,972,700)</u>

* Excludes prepayments

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NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount		
	Note	Loans and receivables \$	Other financial liabilities \$	Total \$
Company				
31 December 2017				
Financial assets not measured at fair value				
Trade and other receivables*	9	878,955	—	878,955
Cash and cash equivalents	10	117,252	—	117,252
		996,207	—	996,207
Financial liabilities not measured at fair value				
Loan from a related party	13	—	(330,000)	(330,000)
Trade and other payables	14	—	(145,201)	(145,201)
		—	(475,201)	(475,201)
31 December 2016				
Financial assets not measured at fair value				
Trade and other receivables*	9	56,010	—	56,010
Cash and cash equivalents	10	123,924	—	123,924
		179,934	—	179,934
Financial liabilities not measured at fair value				
Loan from a related party	13	—	(330,000)	(330,000)
Trade and other payables	14	—	(124,049)	(124,049)
		—	(454,049)	(454,049)

* Excludes prepayments

No fair value information for financial assets and financial liabilities not measured at fair value is presented as the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Determination of fair values

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and loan from a related party) are assumed to approximate their fair values because of their short period to maturity.

Other receivables

Based on the expected cash flows of other receivables, discounted to its present value, the fair value of other receivables with a maturity of more than one year approximates its carrying amount.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital, which the Group defines as its results divided by total shareholders' equity, excluding non-controlling interests, and the Group's revenue and results before tax.

APPENDIX C – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

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NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Capital management (cont'd)

The Group's net cash to equity ratio at the end of the reporting period was as follows:

	2017 \$	2016 \$
Total liabilities	3,236,708	1,985,677
Less: cash and cash equivalents	3,675,516	2,876,986
Net cash	438,808	891,309
Total equity	8,492,017	6,558,627
Net cash to equity ratio at 31 December	0.05	0.14

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

22 Operating lease commitments

Non-cancellable operating leases rentals are payable as follows:

	Group		Company	
	2017 \$	2016 \$	2017 \$	2016 \$
Within one year	336,000	390,000	–	54,000
Between one and five years	–	372,000	–	36,000
	336,000	762,000	–	90,000

The Group leases several office premises, warehouse and factory facilities under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

During the year, the Company ceased its lease agreement for an office premise. As at 31 December 2017, the Company did not have any operating lease commitment.

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NOTES TO THE FINANCIAL STATEMENTS

23 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considered the directors and certain management staff of the Company and those of its subsidiaries as key management personnel.

	2017 \$	2016 \$
Directors of the Company		
– Directors' fees	115,000	206,333
– Short-term employee benefits	221,000	152,233
– Contribution to defined contribution plans	850	11,139
	336,850	369,705
Directors of the subsidiaries		
– Advisory service fee*	320,307	98,700
– Directors' fees	6,000	–
– Short-term employee benefits	140,960	72,240
– Contribution to defined contribution plans	20,937	–
	488,204	170,940
Other key management personnel		
– Short-term employee benefits	42,000	80,233
– Contribution to defined contribution plans	–	11,906
	42,000	92,139
Total key management personnel compensation incurred by the Group	867,054	632,784

* The Group entered into a two-year contract with Aw Cheek Huat, a director of certain Group entities, for the provision of corporate advisory services to the Group.

24 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuation of trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

NOTES TO THE FINANCIAL STATEMENTS

24 Accounting estimates and judgements (cont'd)

Valuation of inventories

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. Historical trends may not be reflective of the Group's future operations and as such, the actual amount of inventory write-offs could be higher or lower than the allowance made.

Valuation of deferred tax assets

The Group has potential tax benefits arising from unutilised tax losses, unabsorbed capital allowances and other temporary differences, which are available for set-off against future taxable profits. Significant judgement is involved in determining the availability of future taxable profits against which the Group can utilise the tax benefits therefrom. The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets relating to the potential tax benefits in the period in which such determination is made.

25 Comparative information

Change in classification

The Group modified the classification of certain items in the consolidated statement of profit or loss to better reflect the nature of its operations. The table below summarises changes made to the consolidated statement of profit or loss for the financial year ended on 31 December 2016:

Consolidated statement of profit or loss

	As previously reported 2016 \$'000	Reclassification 2016 \$'000	As currently reported 2016 \$'000
Other income	47,151	(47,151)	–
Finance income	–	47,151	47,151
	47,151	–	47,151

These reclassification had no impact on the consolidated statement of financial position and consolidated statement of cash flows.

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

SUNRISE SHARES HOLDINGS LTD.

Registration No. 198201457Z

Unaudited Half Year Financial Statements And Dividend Announcement for the Period Ended 30 June 2018

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement

	Note	GROUP		
		6-month Period ended 30.06.2018 S\$'000	6-month Period ended 30.06.2017 S\$'000	% Difference
Revenue		8,968	5,846	53%
Changes in inventories of finished goods and work in progress		(4,166)	(4,157)	0%
Raw material and consumable used		(278)	(274)	1%
Sales agent fee		(1,825)	0	NM
Other income	1	60	124	(52%)
Staff costs		(1,179)	(1,006)	17%
Depreciation charge on property, plant and equipment		(31)	(20)	55%
Other expenses	2	(792)	(961)	(18%)
Profit/(Loss) before tax		757	(448)	NM
Tax expense	3	(296)	(26)	1038%
Profit/(Loss) for the year		461	(474)	NM
Profit attributable to :-				
Owners of the Company		461	(474)	NM
Profit/(Loss) for the year		461	(474)	NM

Statement of Comprehensive Income

Profit/(Loss) for the year		461	(474)	NM
Other comprehensive profit or loss				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation difference arising from the translation of foreign operation		85	(10)	NM
Other comprehensive profit or loss, net of tax		85	(10)	NM
Total comprehensive profit/(loss) for the year		546	(484)	NM
Total comprehensive profit/(loss) attributable to :-				
Owners of the Company		546	(484)	NM
		546	(484)	NM

Note : NM - Not Meaningful

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

1(a)(ii) Notes to the Income Statement

Note 1

Other income includes the following :-

- 1) Foreign exchange gain/(loss), net
- 2) Interest income
- 3) Rental income
- 4) Others

Note 2

Other expenses include the following :-

- 1) Allowance for inventory obsolescence
- 2) Operating lease rental
- 3) Allowance for doubtful debts
- 4) Others

Note 3

Income tax expenses include :-

- 1) Current year:
 - Income tax
- 2) Prior year:
 - Deferred income tax

GROUP	
6-month Period ended 30.06.2018 S\$'000	6-month Period ended 30.06.2017 S\$'000
(18)	29
16	15
5	-
57	80
60	124
(63)	24
177	175
28	-
650	762
792	961
296	26
-	-
296	26

The current taxation expenses are incurred by profit-making subsidiaries.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30.06.2018 S\$'000	31.12.2017 S\$'000	30.06.2018 S\$'000	31.12.2017 S\$'000
Assets				
Non-Current Assets				
Property, plant and equipment	227	253	-	-
Subsidiaries	-	-	7,398	7,398
Deferred tax assets	128	124	-	-
Long term receivable/loan	2,191	458	-	-
	2,546	835	7,398	7,398
Current Assets				
Inventories	2,454	2,287	-	-
Trade and other receivables	4,718	4,931	570	880
Cash and cash equivalents	4,414	3,676	94	117
	11,586	10,894	664	997
Total Assets	14,133	11,729	8,062	8,395
Equity				
Share capital	24,937	24,937	24,937	24,937
Reserves	(15,898)	(16,445)	(17,339)	(17,017)
Equity Attributable to owners of the Company	9,039	8,492	7,598	7,920
Total Equity	9,039	8,492	7,598	7,920
Liabilities				
Non-Current Liability				
Interest Payable	297	-	-	-
	297	-	-	-
Current Liabilities				
Loan from shareholder	330	330	330	330
Trade and other payables	4,130	2,551	134	145
Current tax liabilities	335	356	-	-
	4,797	3,237	464	475
Total Liabilities	5,094	3,237	464	475
Total Equity and Liabilities	14,133	11,729	8,062	8,395

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

	As at 30.06.2018		As at 31.12.2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount payable in one year or less, on demand	-	330	-	330

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	6-month Period ended 30.06.2018 S\$'000	6-month Period ended 30.06.2017 S\$'000
<u>Cash Flows from Operating Activities</u>		
Gain for the year	461	(474)
Adjustments for :-		
Allowance for doubtful receivables	28	-
Allowance for inventory obsolescence	(63)	24
Depreciation charge on property, plant and equipment	31	20
Interest income	(16)	(15)
Tax expense	296	26
Operating cash flow before working capital changes	737	(419)
Change in working capital:		
Trade and other receivables	(1,242)	(142)
Inventories	(90)	75
Trade and other payables	1,316	(56)
Cash generated from operations	721	(542)
Income tax paid	(27)	(29)
Cash flows from/(used in) operating activities	695	(571)
<u>Cash Flows from Investing Activities</u>		
Interest received	16	15
Acquisition of property, plant and equipment	(3)	(69)
Cash flows from/(used in) investing activities	13	(54)
<u>Cash Flows from Financing Activities</u>		
Issuance of shares	-	1,919
Cash flows from financing activities	-	1,919
Net increase in cash and cash equivalents	707	1,294
Cash and cash equivalents at beginning of the year	3,676	2,877
Effect of exchange rate changes on cash balances held in foreign currencies	31	(8)
Cash and cash equivalents at end of the year	4,414	4,163
Represented by :-		
Cash at bank and in hand	3,573	3,274
Fixed deposits	841	889
	4,414	4,163
	4,414	4,163

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

GROUP (S\$'000)

STATEMENT OF CHANGES IN EQUITY	Attributable to equity holders of the Company					
	Share Capital	Foreign currency translation reserve	Statutory reserves	Other reserves	Accumulated losses	Total Equity
GROUP (S\$'000)						
At 1 January 2018	24,937	(1,118)	87	77	(15,491)	8,492
Total comprehensive loss						
Profit for the year	-	-	-	-	461	461
Other comprehensive loss:						
Foreign currency translation differences arising from the translation of foreign operations	-	86	-	-	-	86
Total comprehensive loss for the year	-	86	-	-	461	547
At 30 June 2018	24,937	(1,032)	87	77	(15,030)	9,039
At 1 January 2017	23,018	(1,172)	-	77	(15,365)	6,558
Issuance of shares	1,919	-	-	-	-	1,919
Total comprehensive loss						
Loss for the year	-	-	-	-	(474)	(474)
Other comprehensive loss:						
Foreign currency translation differences arising from the translation of foreign operations	-	(10)	-	-	-	(10)
Total comprehensive loss for the year	-	(10)	-	-	(474)	1,435
Acquisition of non-controlling interest without change in	-	-	-	-	-	-
At 30 June 2017	24,937	(1,182)	-	77	(15,839)	7,993

COMPANY (S\$'000)

	Attributable to equity holders of the Company		
	Share Capital	Accumulated losses	Total
At 1 January 2018	24,937	(17,017)	7,920
Loss for the year/ representing total comprehensive loss for the year	-	(322)	(322)
At 30 June 2018	24,937	(17,339)	7,598
At 1 January 2017	23,018	(16,207)	6,811
Issuance of shares	1,919	-	1,919
Income for the year/ representing total comprehensive income for the year	-	(437)	(437)
At 30 June 2017	24,937	(16,644)	8,293

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's as well as Group's share capital since the end of previous period ended on 31 December 2017. As at 30 June 2018, the Company's issued and paid-up share capital was S\$24,936,695. The Company does not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

	Ordinary Shares
Total number of shares as at 30 June 2018	178,337,290
Total number of shares as at 31 December 2017	178,337,290

1(d)(iv) A statement showing all sales, transfers, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holding during and as at the end of the current financial year reported on.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as those in the audited financial statements for the financial year ended 31 December 2017, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International) which becomes effective from annual periods beginning on or after 1 January 2018.

The new SFRS(I)s the group have adopted is listed as following:

- SFRS(I) 15 Revenue from Contracts with Customers (Amendments to SFRS(I) 15 and Clarification to SFRS(I) 15
- SFRS(I) 9 Financial Instruments
- Amendments to SFRS(I) 2 Share-based Payment
- Amendments to SFRS(I) 1-40 Transfers of Investment Property
- Amendments to SFRS(I) 1 Delation of short-term exemptions for first-time adopters
- Amendments to SFRS(I) 1-28 Measuring an Associate or Joint Venture at Fair Value

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised accounting standards where relevant to its operations and effective for the annual periods beginning on or after 1 January 2018. The adoption of the new and revised accounting standards which are relevant to its operations did not result in any significant financial impact on the results of the Group.

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Earnings/(Loss) per ordinary share for the financial period

- (i) Basic earnings/(loss) per share [1a]
(ii) Diluted earnings/(loss) per share [1b]

6-month Period ended 30.06.2018 cents	6-month Period ended 30.06.2017 cents
0.26	(0.30)
0.26	(0.30)

Notes :

1a: Basic earning/(loss) per share is calculated by dividing the total profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current financial period of 178,337,290 ordinary shares.

1b: Diluted loss per share are the same as earnings per share as there are no potentially dilutive ordinary shares for the financial year ended 30 June 2018 and 30 June 2017.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

GROUP		COMPANY	
30.06.2018 cents	31.12.2017 cents	30.06.2018 cents	31.12.2017 cents
5.07	4.76	4.26	4.44

Note :

(i) The net asset value per ordinary share is calculated based on the issued share capital of 178,337,290 ordinary shares as at 30 June 2018 .

(ii) The Group's and the Company's net asset value per ordinary share were calculated based on the net assets of the Group and the Company over the number of ordinary shares in issue as at respective balance sheet date.

8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of Performance

The Group reported revenue of S\$9.0 million in the half year ended 30 June 2018 ("HY2018") as compared to S\$5.8 million in the half year ended 30 June 2017 ("HY2017"), an increase of 53% or S\$3.2 million. This is mainly due to the better performance of the project consultancy management business in China. The good performance of China business contributed 33.7% of the Group's revenue.

The Group has outsourced part of the property consultancy business to professional third parties and recorded a sales agent fee of 1.8 million.

Other income decreased from S\$124,000 in HY2017 to S\$60,000 in HY2018. The decrease is mainly due to rebate received and fixed deposit interest.

Staff costs increased from S\$1.0 million in HY2017 to S\$1.2 million in HY2018, an increase of 17% or S\$0.2 million. The increase is mainly due to the expansion in the property consultancy sector.

Tax expense increased from S\$26,000 in HY2017 to S\$296,000 in HY2018, an increase of 1038% or S\$270,000. The increase is mainly due to the corporate income tax in China's subsidiaries.

As a result of the above, the Group reported profit before tax of S\$757,000 in HY2018 as compared to loss before tax of S\$448,000 in HY2017. After taking into account income tax expense of S\$296,000, the Group reported net profit of S\$461,000 in HY2018 as compared to a net loss of S\$474,000 in HY2017.

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

Review on working capital, assets and liabilities

The movement in assets and liabilities are as follows:-

1) Non-Current Assets

(a) Long term receivable included a loan due from a third party of S\$1,894,280. The loan is unsecured, bears interest of 15% per annum and is repayable in 2 years.

2) Current Assets

(a) Cash and cash equivalents increased mainly due to cash received from project consultancy management revenue.

3) Current Liabilities

(a) The increase in trade payable is due to the payable to the outsourced professional third parties in relation to the property consultancy business.

4) Non-Current Liabilities

(a) The increase in interest payable is due to the fair value adjustment for the third party loan payable.

Cash Flow Analysis

The group reported a net increase in cash and cash equivalents of S\$707,000 for HY2018 compare to S\$1,294,000 for 31 December 2017, mainly from cash generated from operating revenue.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There was no forecast or prospect statement disclosed to the shareholders in the previous announcement.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Singapore economy's growth is expected to moderate in 2018. The group expects overall business environment to remain challenging in FY2018 for the electrical trading and electrical manufacturing sectors. On the other hand, the property management business shows a strong growth and the Group expects the property consultancy business of the Group will maintain a stable growth rate in the second half year.

11 Dividend

(a) Current Financial Period Reported On :

- | | |
|---|----|
| (i) Any dividend declared for the current financial period reported on? | No |
| (ii) Any dividend recommended for the current financial period reported on? | No |

(b) Corresponding Period of the Immediately Preceding Financial Period

Any dividend declared for the corresponding period of the immediately preceding financial period?	No
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(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect

No dividend has been declared or recommended for financial year ended 30 June 2018.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions is required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested person transactions. There were no interested person transactions during the financial year ended 30 June 2018.

14 Confirmation Pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, Zhang Zhiliang and Ng Clarence Kar Lung, being Directors of the Company, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the financial period ended 30 June 2018 of the Group (comprising the statement of financial position, consolidated income statement and statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow, together with their accompany notes), to be false or misleading in any material aspect.

APPENDIX D – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR 1HY2018

15 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Zhang Zhiliang
Executive Director

10 August 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte Ltd ("Sponsor"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Mah How Soon, Registered Professional, RHT Capital Pte Ltd, 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6757.

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution and/or the Companies Act, a copy of which is available for inspection at the registered office of the Company at 20 Cross Street #02-01/02 China Square Central, Singapore 048422, during normal business hours until the Closing Date.

(A) RIGHTS IN RESPECT OF CAPITAL

SHARE CAPITAL

3. *The authorised share capital of the Company is \$30,000,000.*
4. *Subject to the Statutes, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:-*
 - (a) *no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in a General Meeting;*
 - (b) *no shares shall be issued at a discount except in accordance with the Statutes;*
 - (c) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and*
 - (d) *any other issue of shares, the aggregate of which would exceed the limits referred to in Article 8(B), shall be subject to the approval of the Company in General Meeting.*
5. (A) *In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking 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 arrear.*
 - (B) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

VARIATION OF RIGHTS

6. (A) *Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied, or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*
- (B) *The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

ALTERATION OF SHARE CAPITAL

7. *The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.*
8. (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall before issue be offered to such persons 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. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).*
- (B) *Notwithstanding Article 8(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares (whether by way of rights, bonus or otherwise) where:-*
- (a) *the aggregate number of shares to be issued pursuant to such authority does not exceed 50 per cent. (or such other limit as may be prescribed by the Stock Exchange of Singapore Limited) of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20 per cent. (or such other limit as may be prescribed by Stock Exchange of Singapore Limited) of the issued share capital of the Company for the time being; and*

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (b) *unless previously revoked or varied by the Company in General Meeting, such authority to issue shares does not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*
- (c) *Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

9. *The Company may by Ordinary Resolution:-*

- (a) *consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*
 - (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 capital by the amount of the shares so cancelled;*
 - (c) *sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;*
 - (d) *subject to the provisions of the Statutes, convert any class of shares into any other class of shares.*
10. (A) *The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.*
- (B) *The Company may, subject to and in accordance with the Act, purchase or otherwise acquire shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. Any share that is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire, and the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled.*
11. *Provided, any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.*
12. *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.*

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

13. *Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they make allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
14. *The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted provided that the rate or amount of the commissions paid or agreed to be paid shall be disclosed in the manner required by the Statutes. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.*
15. *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within 10 market days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application. "Market day" shall have the meaning ascribed to it in Article 18. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.*

SHARE CERTIFICATES

16. *Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class.*
17. (A) *The Company shall not be bound to register more than three persons as the registered holder of a share except in the case of executors or administrators of the estate of a deceased member.*

(B) *In the case of a share registered jointly in the names of several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.*
18. *Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every person whose name is entered as a member in the Register of Members shall be entitled to receive within 10 market days of the closing date of any application for shares (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) or within 15 market days after the date of lodgement of a registrable transfer (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of \$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed. For the purposes of this Article 18, "market day" shall mean a day on which the Stock Exchange of Singapore Limited is open for trading in securities.*

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

19. (A) *Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.*
- (B) *If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed.*
- (C) *In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.*
20. *Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any Stock Exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$2 as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

CALLS ON SHARES

21. *The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.*
22. *Each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.*
23. *If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.*
24. *Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*
25. *The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.*

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

26. *The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not while carrying interest confer a right to participate in profits.*

FORFEITURE AND LIEN

27. *If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*
28. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.*
29. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.*
30. *A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.*
31. *A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at that time of forfeiture or surrender or waive payment in whole or in part.*
32. *The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.*
33. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*

APPENDIX E – EXTRACTS FROM THE COMPANY'S CONSTITUTION

34. *The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.*
35. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

TRANSFER OF SHARES

36. *All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any Stock Exchange upon which the Company may be listed. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided 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. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.*
37. *The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, provided always that such 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 any Stock Exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.*
38. (A) *There shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of any Stock Exchange upon which the shares of the Company may be listed or the rules and/or bye-laws governing any Stock Exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within 10 market days beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.*
- (B) *The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless: -*
- (a) *all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require, is paid to the Company in respect thereof;*
- (b) *the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;*

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- (c) *the instrument of transfer is in respect of only one class of shares; and*
 - (d) *the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.*
- 39. *If the Directors refuse to register a transfer of any shares, they shall within ten market days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.*
- 40. *All instruments of transfer which are registered may be retained by the Company.*
- 41. *There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding \$2 as the Directors may from time to time require or prescribe.*
- 42. *The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:-*
 - (a) *the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*
 - (b) *nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and*
 - (c) *references herein to the destruction of any document include references to the disposal thereof in any manner.*

TRANSMISSION OF SHARES

- 43. (A) *In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (B) *In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
- (C) *Nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*

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44. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such his desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.
45. Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share pursuant to Article 43(A) or (B) or Article 44 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

STOCK

46. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.
47. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units (not being greater than the nominal amount of the shares from which the stock arose) as the Directors may from time to time determine.
48. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

CAPITALISATION OF PROFITS AND RESERVES

132. The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 8(B)), capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account, Capital Redemption Reserve Fund or other undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Resolution (or such other date as may be specified therein or determined as therein provided) or (in the case of an Ordinary Resolution passed pursuant to Article 8(B)) such other date as may be determined by the Directors in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional

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entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(B) RIGHTS IN RESPECT OF VOTING

GENERAL MEETINGS

49. *An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.*
50. *The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.*

NOTICE OF GENERAL MEETINGS

51. *Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-*
- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*
 - (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right;*

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which the Company may be listed.

52. (A) *Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.*
- (B) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- (C) *In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.*

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53. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-*
- (a) *declaring dividends;*
 - (b) *receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;*
 - (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*
 - (d) *re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);*
 - (e) *fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and*
 - (f) *fixing the remuneration of the Directors proposed to be paid under Article 79.*
54. *Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.*

PROCEEDINGS AT GENERAL MEETINGS

55. *The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*
56. *No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy.*
57. *If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum.*
58. *The chairman of any General Meeting at which a quorum is represent may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
59. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*

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60. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
61. *At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by: -*
- (a) the chairman of the meeting; or*
 - (b) not less than two members present in person or by proxy and entitled to vote; or*
 - (c) a member present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or*
 - (d) a member present in person or by proxy and holding 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 on all the shares conferring that right;*

Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.

62. *A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
63. *In the 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 shall be entitled to a casting vote.*
64. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

VOTES OF MEMBERS

65. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each member entitled to vote may vote in person or by proxy. On a show of hands every member who is present in person and each proxy shall have one vote and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.*

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66. *In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.*
67. *Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.*
68. *No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.*
69. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*
70. *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.*
71. (A) *A member may appoint not more than two proxies to attend and vote at the same General Meeting provided that if the member is a Depositor, the Company shall be entitled and bound: -*
- (a) *to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
 - (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (B) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- (C) *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.*
- (D) *A proxy need not be a member of the Company.*
72. (A) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approved and: -*
- (a) *in the case of an individual shall be signed by the appointer or his attorney; and*

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- (b) *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.*
- (B) *The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument may be treated as invalid.*
73. *An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.*
74. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.*
75. *A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*

(C) RIGHTS IN RESPECT OF DIVIDENDS

DIVIDENDS

121. *The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.*
122. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*
123. *Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid on a share in advance of calls shall be treated as paid on the share.*
124. *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.*
125. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*

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126. (A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*
127. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
128. *The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*
129. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 131, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
130. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*
131. *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such share.*