

CIRCULAR DATED 11 MARCH 2024

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Serial System Ltd (the “**Company**”).

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

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

If you have sold or transferred your shares in the capital of the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the Proxy Form enclosed with this Circular to the purchaser or the transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular together with the Notice of EGM and the Proxy Form will be published by electronic means on the Company’s corporate website at the URL https://serialsystem.com/wp-content/uploads/2024/03/SSL_EGM_Proposed_Disposal_Circular_to_shareholders_2024.pdf and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of EGM and the Proxy Form will be sent by post to the Shareholders. Printed copies of the Circular will NOT be despatched to the Shareholders.

Shareholders will be able to participate fully at the physical EGM and will not be able to attend the EGM by way of electronic means.

Your attention is drawn to Section 12 (Action to be taken by Shareholders) of this Circular in respect of action to be taken if you wish to attend and vote at the EGM.



SERIAL SYSTEM LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199202071D)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DISPOSAL BY THE GROUP OF

(I) THE ENTIRE SHAREHOLDING INTEREST IN ACHIEVA TECHNOLOGY SDN. BHD.; AND

**(II) 49.0% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ACHIEVA DIGITAL
(THAILAND) COMPANY LIMITED**

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	24 March 2024 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	27 March 2024 at 2.00 p.m.
Place of Extraordinary General Meeting	:	8 Ubi View, #05-01, Serial System Building, Singapore 408554

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DEFINITIONS

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

“1H2023”	:	The six months period ended 30 June 2023
“1Q2023”	:	The three months period ended 31 March 2023
“Aggregate Interco Balance”	:	An aggregate amount of USD6,698,000 which remains due and owing to the Group by the Target Company as at the Latest Practicable Date
“AMD”	:	The group comprising Advanced Micro Devices, Inc. and its subsidiaries
“AMD Products”	:	AMD desktop CPUs
“Announcement”	:	The Company’s announcement of SIFE’s entry into the SPA in connection with the Proposed Disposal dated 2 September 2022
“Apacer”	:	Apacer Technology Inc.
“ASRock”	:	ASRock Inc.
“Board”	:	Board of Directors of the Company
“Business”	:	The business of distributing information technology, computer peripherals, parts, software and related products
“Business Day”	:	Shall mean a day (other than a Saturday, a Sunday or a gazetted public holiday in Singapore) when banks in Singapore are open for business and “Business Days” shall be construed accordingly
“Business Valuation Report”	:	The independent business valuation report prepared by the Valuer, a summary of which has been set out in Appendix B to this Circular
“Catalist Board”	:	Catalist Board of the SGX-ST
“Catalist Rules”	:	SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, modified, supplemented or revised from time to time
“Catalist Sponsor”	:	RHT Capital Pte. Ltd. or such other firm as agreed upon by the Purchaser and SIFE to be appointed as the Catalist Sponsor prior to Completion
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief Executive Officer
“Charged Shares”	:	148,335,700 Purchaser Shares held by Dorr that is the subject of a share charge dated 2 June 2020 between Dorr and DBS
“Circular”	:	This circular dated 11 March 2024 including all its appendices attached hereto

DEFINITIONS

“Code”	:	Singapore Code on Take-overs and Mergers, as may be amended, modified, supplemented or revised from time to time
“Companies Act”	:	The Companies Act 1967 of Singapore, as may be amended, modified, supplemented or revised from time to time
“Company”	:	Serial System Ltd
“Completion”	:	Completion of the sale and purchase of the Sale Shares and the allotment and issue of the Consideration Shares under the SPA
“Completion Date”	:	Means the date falling seven (7) Business Days after the fulfilment of all the Conditions Precedent (unless they are waived by the relevant party) on which Completion takes place
“Conditions Precedent”	:	The conditions which must be satisfied or waived before the Completion of the Proposed Disposal can take place under the terms of the SPA, as set out in Appendix A to this Circular
“Consideration Shares”	:	The 114,406,780 new Consolidated Shares to be issued and allotted to the Company (as the entity directed by SIFE to receive and hold the Consideration Shares) on Completion in satisfaction of the Purchase Consideration and “ Consideration Share ” shall be construed accordingly
“Consolidated Shares”	:	The shares to be consolidated pursuant to the Proposed Purchaser Share Consolidation and “ Consolidated Share ” shall be construed accordingly
“CPF”	:	The Central Provident Fund
“CPU”	:	Central processing unit
“DBS”	:	DBS Bank Ltd.
“Deed of Undertaking”	:	A deed of undertaking executed by the Company, the terms of which are described in Section 2.5 of this Circular
“Directors”	:	The directors of the Company as at the date of this Circular
“Dorr”	:	Dorr Global Healthcare International Pte. Ltd.
“Dynabook”	:	Dynabook Singapore Pte. Ltd.
“EGM”	:	The extraordinary general meeting of the Company to be convened on 27 March 2024, notice of which is set out in the section titled “ <i>Notice of Extraordinary General Meeting</i> ” of this Circular
“Enlarged Purchaser Group”	:	The enlarged group of companies comprising the Purchaser and the Target Group Companies upon Completion

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“Enlarged Share Capital”	:	179,774,381 Consolidated Shares, being the enlarged issued and paid-up share capital of the Purchaser (excluding treasury shares and subsidiary holdings) after the allotment and issuance of the Consideration Shares, the Introducer Shares, the Interco Shares and the Placement Shares (assuming that 22,500,000 new Consolidated Shares are issued pursuant to the Proposed Compliance Placement)
“Existing Thai Company”	:	Means Achieva Technology (Thailand) Co., Ltd. (to be renamed as “Print IQ MPS Co., Ltd” upon Completion)
“First Amendment Letter”	:	The amendment letter entered into between SIFE and the Purchaser on 3 April 2023 to modify, amend and vary certain terms and conditions of the SPA
“FY2020”	:	The financial year ended 31 December 2020
“FY2021”	:	The financial year ended 31 December 2021
“FY2022”	:	The financial year ended 31 December 2022
“Gigabyte”	:	Giga-byte Technology Co., Ltd.
“Group”	:	The Company and its subsidiaries
“Implementation Agreement”	:	The implementation agreement dated 27 December 2023 and entered into between the Purchaser, SIFE, the Existing Thai Company and Mr Natthawat in relation to the commencement of the Thai IT Consumer Business by the Target Thai Company
“Independent Valuation”	:	The independent valuation of the Target Group Companies, the Business and/or any real property owned by a Target Group Company
“Intel”	:	Intel Semiconductor (US) LLC
“Interco Balance Shares”	:	11,606,779 new Consolidated Shares to be allotted and issued pursuant to the settlement of the Interco Balances
“Interco Balances”	:	USD2 million of the Aggregate Interco Balance
“Interco Loan”	:	Means the inter-company loan of USD1 million extended by SMPL to the Target Company
“Interco Loan Shares”	:	5,803,390 new Consolidated Shares to be allotted and issued pursuant to the settlement of the Interco Loan
“Interco Shares”	:	Means the Interco Loan Shares and the Interco Balance Shares
“Introducer”	:	Kho Wee Hong George
“Introducer Fee”	:	Means the fee of S\$500,000 payable to the Introducer on Completion which shall be satisfied by way of the allotment and issuance of the Introducer Shares

DEFINITIONS

“Introducer Shares”	:	The allotment and issuance of up to 2,118,644 new Consolidated Shares to the Introducer at the Issue Price on Completion as satisfaction of the Introducer Fee
“Issue Price”	:	S\$0.236, being the issue price per Consolidated Share of each Consideration Share, Interco Share and Introducer Share
“IT”	:	Information Technology
“Joint Receivers”	:	Oon Su Sun and Lin Yueh Hung of RSM Corporate Advisory Pte. Ltd.
“Key Management Team”	:	Key members of the management of the Target Company who are currently or will be employed or engaged by the Target Company
“Latest Practicable Date”	:	Means 29 February 2024
“LCD”	:	Liquid-crystal display
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, modified, supplemented or revised from time to time
“Long Stop Date”	:	Means 31 March 2024, or such other date as the parties to the SPA may agree
“LPS”	:	Loss per share
“Mainboard”	:	Mainboard of the SGX-ST
“Mainboard Rules”	:	SGX-ST Listing Manual Section A: Mainboard Rules
“Mandated Persons”	:	The Company, SIFE, SMPL, SerialTec and any future subsidiaries of the Company
“Manufacturers”	:	The manufacturers of the IT products and computer peripherals that the Target Company sells, and that the Target Thai Company will sell on Completion, as local in-country resellers and distributors
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“MMD”	:	MMD Singapore Pte. Ltd., the manufacturer of the “AOC” and “Philips” brand of LCD monitors
“MOC”	:	Ministry of Commerce of Thailand
“Mr Natthawat”	:	Mr Natthawat Prempojwatana
“MSI”	:	Micro-Star International Co., Ltd., the manufacturer of the “MSI” brand of IT products and peripherals
“MSI Distribution Agreement”	:	Distribution agreement dated 1 January 2020 between MSI, SMPL and the Target Company, as amended by an amendment agreement dated 1 April 2020

DEFINITIONS

“MSI Novation Agreement”	:	The novation agreement to be entered into between the Existing Thai Company, the Target Thai Company and MSI, which will have the effect of substituting the Existing Thai Company with the Target Thai Company under the existing distribution agreement dated 1 January 2023 between the Existing Thai Company and MSI
“MYR” or “RM”	:	The lawful currency of Malaysia
“NAV”	:	Net asset value
“Non-AMD Products”	:	IT products and computer peripherals that are manufactured by the non-AMD Manufacturers
“Non-Compete Undertaking”	:	A deed of undertaking executed by the Company to mitigate potential conflicts of interest as set out in Section 2.3.3 of this Circular
“Notice”	:	The notice of the EGM dated 11 March 2024 set out in the section titled “ <i>Notice of Extraordinary General Meeting</i> ” of this Circular
“Notice Period”	:	90 days period or such extended period to be mutually agreed upon by the parties to the Target Thai Company SHA
“NTA”	:	Net tangible assets
“Official List”	:	The official list of SGX-ST consisting of companies admitted to (and not removed from) the Mainboard and the Catalist Board
“Placement Shares”	:	Up to 22,500,000 new Consolidated Shares to be allotted and issued pursuant to the Proposed Compliance Placement in Section 3.8 of this Circular
“Proposed Capitalisation”	:	The settlement of all amounts outstanding under the Interco Loan (including principal and interest) and the Interco Balances via an issuance of 17,410,169 Interco Shares by the Purchaser to the Company at the Issue Price at Completion
“Proposed Compliance Placement”	:	The proposed issuance and allotment of up to 22,500,000 Placement Shares to satisfy the minimum distribution and shareholding spread requirements of 15.0% of the Enlarged Share Capital to be held by at least two-hundred (200) public shareholders on the Catalist Board following Completion, as described in Section 3.8 of this Circular
“Proposed Disposal”	:	The proposed disposal by SIFE of the Sale Shares held by SIFE, which comprise of (i) all of the ordinary shares of the Target Company, being the Target Company’s entire issued and paid-up share capital; and (ii) such number of ordinary shares representing 49.0% of the Target Thai Company’s issued and paid-up share capital, on the terms and conditions of the SPA

DEFINITIONS

“Proposed Purchaser Share Consolidation”	:	A consolidation of the ordinary shares of the Purchaser at such ratio as may be agreed between the Purchaser and SIFE, if necessary, to allow the Purchaser to comply with the requirements under Catalist Rule 1015(3)(c)
“Proposed Share Issuance Transactions”	:	Collectively, the proposed issuance of the Consideration Shares, the proposed issuance of the Interco Shares and the proposed issuance of the Introducer Shares
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“PSUs”	:	Power supply units
“Purchase Consideration”	:	The purchase consideration for the sale and purchase of the Sale Shares, being S\$27,000,000
“Purchaser”	:	Axington Inc. (formerly known as Axcelasia Inc. and to be renamed as Serial Achieva Limited upon Completion)
“Purchaser Ascribed Value”	:	Means S\$5,500,000, being the ascribed value of the Purchaser as agreed between the parties to the SPA
“Purchaser EGM”	:	The extraordinary general meeting of the Purchaser
“Purchaser Group”	:	The Purchaser and its subsidiaries (prior to the disposal and striking off of its subsidiaries)
“Purchaser Shares”	:	Ordinary shares in the capital of the Purchaser
“Purchaser Subsidiaries”	:	(i) Axington Singapore Pte. Ltd.; (ii) Axington Lao Co., Ltd.; (iii) Axcelasia Vietnam Co., Ltd.; and (iv) Audex Governance Sdn. Bhd.
“Purchaser’s Due Diligence”	:	The due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Purchaser and/or its advisers on the Target Group Companies
“Purchaser’s New Audit and Risk Committee”	:	The new audit and risk committee of the board of directors of the Purchaser upon Completion
“RAM”	:	Random-access memory
“Relevant Serial Entities”	:	SerialTec, SMPL and SIFE
“Reverse Takeover”	:	The Proposed Disposal, as viewed from the perspective of the Purchaser, on the basis that the Company will hold in aggregate approximately 73.3% of the Enlarged Share Capital immediately after the completion of the Proposed Purchaser Share Consolidation, the Proposed Share Issuance Transactions and the Proposed Compliance Placement, resulting in the Company gaining control over the Purchaser and hence a reverse takeover of the Purchaser by the Company
“Sale Business”	:	Means the Business carried out by the Target Company and the Thai IT Consumer Business

DEFINITIONS

“Sale Shares”	:	Means the Target Company Sale Shares and the Target Thai Company Sale Shares, which are to be sold to the Purchaser on the terms and subject to the conditions of the SPA
“Second Amendment Letter”	:	The amendment letter entered into between SIFE and the Purchaser on 17 November 2023 to further amend the terms and conditions of the SPA
“Securities Account”	:	A securities account maintained by a depositor with CDP but does not include a securities sub-account
“SerialTec”	:	SerialTec Pte. Ltd. (formerly known as Achieva Technology Pte Ltd)
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as may be amended, modified, supplemented or revised from time to time
“SGX RegCo”	:	Singapore Exchange Regulation Pte. Ltd.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares, mean the depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“SIFE”	:	Serial I-Tech (Far East) Pte. Ltd.
“SMPL”	:	Serial Microelectronics Pte Ltd
“SPA”	:	The sale and purchase agreement dated 2 September 2022 entered into between SIFE and the Purchaser for the disposal by SIFE of the Sale Shares to the Purchaser, as amended by the First Amendment Letter and the Second Amendment Letter
“SRS”	:	Supplementary Retirement Scheme
“SSD”	:	Solid-state drive
“Straitsmart”	:	Straitsmart Sdn. Bhd.
“Substantial Shareholder”	:	A person including a corporation who has an interest in not less than 5% of the issued shares of a company and “ Substantial Shareholders ” shall be construed accordingly
“S\$” or “SGD”	:	The lawful currency of the Republic of Singapore
“Target Company”	:	Achieva Technology Sdn. Bhd.

DEFINITIONS

“Target Company Sale Shares”	:	Means all of the ordinary shares of the Target Company, being the Target Company’s entire issued and paid-up share capital
“Target Group Companies” or “Target Group”	:	Means collectively, the Target Company and the Target Thai Company
“Target Thai Company”	:	Achieva Digital (Thailand) Company Limited
“Target Thai Company Lease Agreement”	:	The lease agreement dated 27 December 2023 entered into between the Target Thai Company and Mr Natthawat in relation to the premises as described in Section 2.3.1 of this Circular
“Target Thai Company Sale Shares”	:	Means such number of ordinary shares representing 49.0% of the Target Thai Company’s issued and paid-up share capital
“Target Thai Company Service Agreement”	:	The service agreement dated 27 December 2023 entered into between the Target Thai Company and Mr Natthawat
“Target Thai Company SHA”	:	The shareholders agreement dated 27 December 2023 entered into between the Purchaser, Mr Natthawat and the Target Thai Company, in respect of the Target Thai Company
“Thai IT Consumer Business”	:	The business of operating as a local in-country reseller of consumer and enterprise IT products and computer peripherals in Thailand
“Thai MPS Business”	:	The provision of managed print services in Thailand by the Existing Thai Company
“THB”	:	The lawful currency of Thailand
“Transaction Expenses”	:	The costs and expenses incurred or to be incurred in connection with the Proposed Disposal
“Transition Period”	:	The one-year period commencing on the day after Completion which the Purchaser views as being a sufficiently long period of time for the depletion of the Existing Thai Company’s inventory
“US\$” or “USD”	:	The lawful currency of the United States of America
“Valuer”	:	AVA Associates Limited
“VGA Card”	:	Video graphics accelerator card
“Whitewash Resolution”	:	The resolution by the independent shareholders at a general meeting of the Purchaser to waive their right to receive a mandatory general offer from the Company and parties acting in concert with the Company in connection with the issuance of the Consideration Shares under the Proposed Disposal
“%”	:	Per centum or percentage

DEFINITIONS

Unless the context otherwise requires:

- (a) the expressions “**depositor**” and “**depository register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA and the terms “**subsidiary**”, “**related company**” and “**substantial shareholder**” shall have the meanings ascribed to them in Sections 5, 6 and 81 of the Companies Act respectively;
- (b) the terms “**acting in concert**” and “**whitewash resolution**” shall have the meanings ascribed to them in the Code;
- (c) the terms “**associate**”, “**associated company**” and “**controlling shareholder**” shall have the meanings ascribed to them in the Listing Manual;
- (d) words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. References to persons shall, where applicable, include individuals, corporate bodies (wherever incorporated), unincorporated associations and partnerships;
- (e) the headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular;
- (f) any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Code or the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Code or the Listing Manual or any statutory modification thereof, as the case may be, unless the context otherwise requires;
- (g) any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated;
- (h) any reference in this Circular to shares and/or new shares being allotted and/or allocated to a person includes allotment and/or allocation to CDP for the account of that person; and
- (i) any discrepancies in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

SERIAL SYSTEM LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199202071D)

Directors:

Mr. Derek Goh Bak Heng (Executive Chairman and Group CEO)
Mr. Teo Ser Luck (Independent Non-Executive Deputy Chairman)
Mr. Sean Goh Su Teng (Executive Director)
Ms. Victoria Goh Si Hui (Executive Director)
Mr. Tan Lye Heng Paul (Lead Independent Non-Executive Director)
Mr. Ravindran s/o Ramasamy (Independent Non-Executive Director)
Mr. Ng Cher Yan (Independent Non-Executive Director)
Mr. Lye Hoong Yip Raymond (Independent Non-Executive Director)
Mr. Goi Kok Ming Kenneth (Non-Executive Director)

Registered Office:

8 Ubi View, #05-01
Serial System Building
Singapore 408554

11 March 2024

To: **The Shareholders of Serial System Ltd**

Dear Sirs

THE PROPOSED DISPOSAL BY THE GROUP OF (I) THE ENTIRE SHAREHOLDING INTEREST IN ACHIEVA TECHNOLOGY SDN. BHD.; AND (II) 49.0% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ACHIEVA DIGITAL (THAILAND) COMPANY LIMITED

1. INTRODUCTION

1.1 Background

- 1.1.1 On 2 September 2022, the Company announced that SIFE, a wholly-owned subsidiary of the Group, entered into a SPA with the Purchaser for the disposal by SIFE of the Sale Shares held by SIFE, which comprise of (i) all of the ordinary shares of the Target Company, being the Target Company's entire issued and paid-up share capital; and (ii) such number of ordinary shares representing 49.0% of the Target Thai Company's issued and paid-up share capital, on the terms and conditions of the SPA; and that the Proposed Disposal is considered a "disclosable transaction" of the Company (the "**Announcement**").
- 1.1.2 The Target Company carries out the business of distributing information technology, computer peripherals, parts, software and related products (the "**Business**") in Malaysia.
- 1.1.3 Pursuant to the SPA, the Target Thai Company shall be incorporated and shall take over the Business carried out in Thailand by the Existing Thai Company as one of its business lines (the "**Thai IT Consumer Business**").
- 1.1.4 Notwithstanding the aforementioned, as subsequently announced by the Company on 17 November 2022, Shareholders' approval is required for the Proposed Disposal pursuant to consultations with the SGX-ST.
- 1.1.5 On 3 April 2023, the Company announced that SIFE had entered into an amendment letter with the Purchaser (the "**First Amendment Letter**") to modify, amend and vary certain terms and conditions of the SPA.
- 1.1.6 Pursuant to the First Amendment Letter, the material modifications, amendments and variations to the SPA are as follows:
- (i) the final amounts of the Purchaser Ascribed Value and the Purchase Consideration have been fixed, being S\$5.5 million and S\$27.0 million respectively;

LETTER TO SHAREHOLDERS

- (ii) the definition of “Sale Shares” has been amended to have the meaning assigned to it in this Circular, which includes both the Target Company Sale Shares and the Target Thai Company Sale Shares (instead of only the Target Company Sale Shares); and
- (iii) the Condition Precedent relating to the Independent Valuation has been amended such that the valuation as ascribed by the Independent Valuation shall not be less than the Purchase Consideration.

1.1.7 On 17 November 2023, the Company further announced that SIFE had on 17 November 2023, in respect of the SPA, entered into a second amendment letter (the “**Second Amendment Letter**”) with the Purchaser to further amend the terms and conditions of the SPA.

1.1.8 Pursuant to the Second Amendment Letter, the material modification, amendment and variation to the SPA is that the existing definition of “Long Stop Date” in the SPA shall be amended, such that “Long Stop Date” shall mean 31 March 2024, or such other date as the parties to the SPA may agree (the “**Long Stop Date**”).

1.1.9 Save as amended by the First Amendment Letter and the Second Amendment Letter, all other terms and conditions of the SPA remain in full force and effect.

1.2 EGM

The Directors are convening the EGM to seek the approval of the Shareholders for the Proposed Disposal, set out in the Notice in the section titled “*Notice of Extraordinary General Meeting*” of this Circular. Shareholders’ approval for the Proposed Disposal shall be sought by way of ordinary resolution.

1.3 Purpose of Circular

1.3.1 The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to, the Proposed Disposal for which the approval of Shareholders will be sought at the EGM.

1.3.2 The SGX-ST assumes no responsibility for the accuracy, completeness or correctness of any information, statements or opinions made, or reports contained in this Circular.

1.4 Cautionary statement

1.4.1 The Proposed Disposal is subject to, amongst other things, requisite approvals from all relevant regulatory authorities being obtained and approval from the shareholders of the Purchaser in respect of the transaction contemplated herein. As at the date of this Circular, the Purchaser has, on 22 January 2024, obtained approval from its shareholders in respect of the transaction contemplated herein.

1.4.2 The Board wishes to caution Shareholders that there is no certainty or assurance as at the Latest Practicable Date that the relevant approvals will be obtained and that the Proposed Disposal will materialise.

2. INFORMATION REGARDING TARGET GROUP COMPANIES AND PURCHASER

2.1 Information regarding the Target Group Companies

The Target Company

2.1.1 The Target Company, an entity incorporated in Malaysia on 8 June 1996, carries on the Business in Malaysia and is a local in-country reseller and distributor of consumer and enterprise IT products and computer peripherals in Malaysia, including desktop CPUs, motherboards and VGA Cards manufactured by established brands such as AMD, Intel, MSI and Gigabyte. In addition, the Target Company is also the local in-country reseller and distributor for Malaysia for laptop computers that are manufactured under the “MSI” brand. The Target Company’s customers include operators of IT retailers and system integrators that focus on building custom computing systems in Malaysia.

LETTER TO SHAREHOLDERS

2.1.2 As a local in-country reseller and distributor, the Target Company makes purchases for resale to its customers, and its profits are derived from the sale of consumer and enterprise IT products and computer peripherals to customers in Malaysia. The Target Company takes possession of its purchases, which are stored at its warehouse, prior to making deliveries to its customers. As such, holding costs, stock obsolescence and credit risks are borne by the Target Company.

The Target Thai Company

2.1.3 The terms of the SPA provide, as a Condition Precedent to Completion, that the Target Thai Company is incorporated and shall have taken over the Thai IT Consumer Business to the reasonable satisfaction of the Purchaser. In accordance with the provisions of the SPA and the Implementation Agreement, the Target Thai Company was incorporated in Thailand on 22 May 2023 as a private company limited by shares. As at the Latest Practicable Date, SIFE has a 49.0% shareholding interest in the Target Thai Company and the remaining 51.0% shareholding interest in the Target Thai Company is held by Mr Natthawat. Mr Natthawat, a Thai national, is the Managing Director of the Existing Thai Company and is in charge of the day-to-day operations of the Existing Thai Company. Upon Completion, Mr Natthawat will resign from his executive position in the Existing Thai Company and will be appointed as General Manager (Thailand) of the Target Thai Company. Mr Natthawat will, as a joint venture partner, hold 51.0% of the shares in the Target Thai Company. In determining Mr Natthawat's interest in the Target Thai Company, the following factors were taken into consideration: (i) Mr Natthawat is currently the Group's joint venture partner and Managing Director of the Existing Thai Company, and is principally in charge of the operations of the Existing Thai Company, which holds the Thai IT Consumer Business; (ii) Mr Natthawat has the requisite credentials, knowledge and experience of the Thai IT products and computer peripherals market; (iii) following Completion of the Proposed Disposal, Mr Natthawat will be the General Manager (Thailand) of the Target Thai Company and will continue to oversee the operations of the Thai IT Consumer Business; and (iv) as the Target Thai Company is majority-owned by a Thai national due to Mr Natthawat's shareholding, the Target Thai Company would not be required to obtain a foreign business license from the Ministry of Commerce of Thailand (the "**MOC**") to operate its business in Thailand. Mr Natthawat is not a director of the Existing Thai Company and save as disclosed herein, Mr Natthawat has no other relationship with the Company, its subsidiaries or its Directors.

2.1.4 As at the Latest Practicable Date, the Thai IT Consumer Business is carried on by the Existing Thai Company, as one of its business lines. The purpose of setting up the Target Thai Company is to eliminate any potential conflict of interests between the Group and the Purchaser, post completion of the Proposed Disposal, arising from both the Group and the Purchaser being involved in the Business (albeit in different jurisdictions).

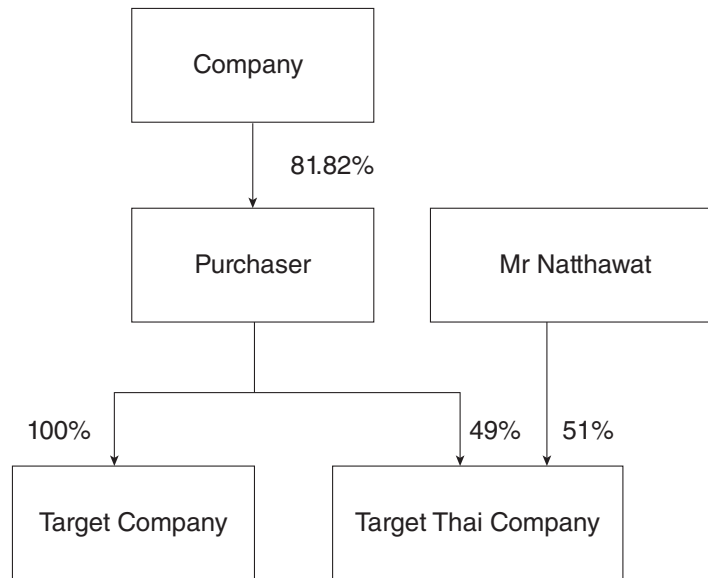
2.1.5 The Target Company and the Existing Thai Company are the authorised in-country resellers of AMD desktop CPUs (the "**AMD Products**") in Malaysia and Thailand respectively. The Target Thai Company will take over the Thai IT Consumer Business. The Sale Business, which comprises the Business carried out by the Target Company and the Thai IT Consumer Business, has an established and international supplier portfolio which includes brands such as AMD, Intel, Gigabyte, MSI, AOC, Philips, ViewSonic, ASRock, Apacer, Thermaltake and Dynabook. The Sale Business works closely with partner brands to fulfil their distribution needs and provide a one-stop solution for their customers. The Target Group Companies do not have exclusive distributorship or sales representation agreements from products' manufacturers.

The Enlarged Purchaser Group

2.1.6 After Completion, the business of the Enlarged Purchaser Group will comprise wholly of the business of the Target Company and the Target Thai Company.

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2.1.7 The shareholding structure of the Enlarged Purchaser Group after Completion will be as follows⁽¹⁾:



Note:

- (1) The Group's shareholding interest of 81.82% reflected above does not account for the effects of the proposed issuance of the Interco Shares and the Proposed Compliance Placement. Immediately after the completion of the Proposed Purchaser Share Consolidation, the Proposed Share Issuance Transactions and the Proposed Compliance Placement, the Group will hold in aggregate approximately 73.3% of the Enlarged Share Capital.

2.2 Procurement of IT products and computer peripherals by the Target Group Companies

2.2.1 Target Company

(a) Distribution model for AMD Products

AMD appoints distributors on a non-exclusive basis to sell the AMD Products within a region or a country. Such regional distributors will purchase AMD Products from AMD and sell such AMD Products to local in-country resellers located in that specified region or country that have been authorised by AMD, on a non-exclusive basis. In turn, such authorised local in-country resellers are permitted to purchase AMD Products from the regional distributors and are authorised by AMD to sell AMD Products to local IT retailers and system integrators. The regional distributors do not have absolute control over prices. Instead, AMD sets a recommended price range for the sale of the AMD Products by the regional distributors to the local resellers.

Consumers would only be able to purchase AMD Products from such local IT retailers and system integrators; the regional distributors and the local in-country resellers are not authorised to sell AMD Products direct-to-consumer.

In this regard, SMPL, the wholly-owned subsidiary of the Company, has been appointed as one of the regional distributors of AMD Products in certain countries in Southeast Asia (including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) and the Target Company has been authorised by AMD as a local in-country reseller for Malaysia pursuant to a commercial distribution agreement dated 1 January 2012, as amended by an amendment agreement dated 7 July 2020 between SMPL and AMD. Pursuant to such commercial distribution agreement, SMPL sells AMD Products to its local in-country resellers in such countries, including the Target Company and other local in-country resellers in Malaysia. The Target Company purchases AMD Products from SMPL at the same prices (without any administrative fee charged by SMPL) as other local resellers and sells such AMD Products to IT retailers and system integrators in Malaysia. For the avoidance of doubt, SMPL does not sell AMD Products to the customers of the Target Company.

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From time to time, and subject to the local in-country resellers meeting the sales targets set by AMD for a particular period, AMD would grant incentive rebates to its local in-country resellers. Such incentive rebates are paid directly to the local in-country resellers. The Target Company, being a local in-country reseller, will send weekly sales reports directly to AMD and, subject to the Target Company meeting such sales targets, AMD then pays these incentive rebates directly to the Target Company. AMD does not pay the incentive rebates to SMPL.

Post Completion, the Target Company, as a local in-country reseller, will continue to purchase AMD Products from SMPL as the regional distributor of AMD Products.

The decision to appoint regional distributors lies with AMD. AMD has not indicated that it intends to appoint the Target Group Companies as a regional distributor of AMD Products post-Completion. To the Group's knowledge, it is not in line with AMD's existing policies to appoint local in-country resellers as regional distributors.

(b) Distribution model for Non-AMD Products

In relation to the IT products and computer peripherals that are manufactured by the other Manufacturers and distributed by the Target Company (the "**Non-AMD Products**"), Manufacturers typically appoint authorised distributors to sell directly to IT retailers and system integrators in certain regions or countries on a non-exclusive basis.

Generally, a Manufacturer will appoint more than one distributor for any particular region or country to distribute its products. The distributors are required to sell the products at the prices recommended by the Manufacturers and consumers would only be able to purchase such products from local IT retailers and system integrators; the distributors are generally not authorised to sell such products direct-to-consumer. For instance, Intel has appointed multiple distributors for Malaysia, all of whom are recognised as authorised distributors and permitted to sell desktop CPUs manufactured by Intel to IT retailers and system integrators in Malaysia.

By virtue of it being a Malaysia-incorporated subsidiary of the Group, the Target Company has been recognised as an authorised distributor in Malaysia by AOC, ASRock, Dynabook, Gigabyte, Intel, Thermaltake and ViewSonic in Malaysia and has been listed by such Manufacturers as an authorised distributor on such Manufacturers' websites. Manufacturers namely Gigabyte, ASRock and Thermaltake do not enter into long term contractual arrangements with the Target Company. This is in line with market practice, as not all Manufacturers require distributors to enter into long term contractual arrangements. The Target Company sells such Non-AMD Products to IT retailers and system integrators in Malaysia.

Historically, the Target Company, as a member of the Group, purchases all of its Non-AMD Products through SMPL and SIFE as its intermediaries, both indirect wholly-owned subsidiaries of the Company. In view of the overall financial strength of the Group, SMPL and SIFE purchase such Non-AMD Products as intermediaries exclusively for and on behalf of the Target Company from the following Manufacturers:

- Intel, in relation to its desktop CPUs, for Singapore, Malaysia and Indonesia, pursuant to a distribution agreement between Intel and SIFE dated 1 February 2018;
- Apacer, in relation to its RAM modules and SSDs, for Thailand, Malaysia and Japan, pursuant to a distribution agreement between Apacer and SIFE dated 1 January 2023;
- Viewsonic, in relation to its LCD monitors, for Malaysia, pursuant to the terms of a distribution agreement between Viewsonic and SIFE dated 1 January 2021;

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- Philips, in relation to its LCD monitors, for Malaysia, pursuant to the terms of a distribution agreement between MMD and SMPL dated 1 January 2023;
- AOC, in relation to its LCD monitors, for Malaysia, pursuant to the terms of a distribution agreement between MMD and SMPL dated 1 October 2019;
- MSI, in relation to its motherboards and VGA Cards, for Malaysia, pursuant to the terms of a distribution agreement between MSI, SMPL and the Target Company dated 1 January 2020, as amended by an amendment agreement dated 1 April 2020;
- Dynabook, in relation to Dynabook branded SSDs, for Malaysia, pursuant to the terms of a non-exclusive distributorship agreement between SIFE and Dynabook dated 1 January 2021;
- Gigabyte, in relation to its motherboards and VGA Cards, for Malaysia and Thailand. As Gigabyte does not typically enter into contractual arrangements with its distributors, the Group has not entered into any distribution agreements with Gigabyte; and
- ASRock, in relation to its motherboards and VGA Cards. As ASRock does not typically enter into contractual arrangements with its distributors, the Group has not entered into any distribution agreements with ASRock.

In relation to Thermaltake, the Target Company distributes its desktop chassis, power supplies and cooling systems and purchases such products directly from Thermaltake. As Thermaltake does not typically enter into contractual arrangements with its distributors, the Target Company has not entered into any distribution agreements with Thermaltake.

In any case, the Target Company is recognised and has been listed as a local distributor on the official websites of these Manufacturers. Of the three Manufacturers which are not in the practice of entering into contractual arrangements with its distributors, namely Gigabyte, ASRock, and Thermaltake, only Gigabyte is a major supplier of the Target Company and supplies motherboards and VGA Cards to the Target Company. The Target Company also purchases motherboards and VGA Cards from other manufacturers, including MSI, in relation to which the Target Company purchases such products from MSI under the MSI Distribution Agreement.

Following the expiration of the three-month interim period¹ after Completion, the Target Group will enter into a separate, standalone distributorship agreement with MSI (i.e. SMPL will not be a party to such agreement), pursuant to which the Target Group will purchase products directly from MSI. As at the Latest Practicable Date, the Target Group has obtained MSI's in-principle agreement to enter into such distribution agreement. The Target Company has also entered into a separate distribution agreement with MSI on 1 June 2022 under which MSI has appointed the Target Company as a non-exclusive distributor of MSI's laptop products and to market such MSI's laptop products within Malaysia.

SMPL and SIFE purchase the Non-AMD Products as intermediaries. Neither SMPL nor SIFE sells Non-AMD Products to (a) any third-party IT retailers or system integrators, whether in Malaysia, Thailand or otherwise; or (b) any of the customers of the Target Company and Existing Thai Company in Malaysia or Thailand. The Target Company and

¹ Currently, the Non-AMD Products that are sold by the Target Company are purchased by the Target Company through SIFE and SMPL as intermediaries. As part of the Reverse Takeover, the Target Company intends to procure direct purchasing arrangements with its suppliers in order to minimise its dependency on the Group and interested person transactions with the Group. The Target Company had engaged with its suppliers who had indicated that they would only be able to approve such direct purchasing arrangements after the Reverse Takeover is completed. As such, both the Target Company and the Company are of the mutually agreed view that such three-month interim period would be a sufficient transition period to put such direct purchasing arrangements in place. After the end of such three-month period, it is expected that the Target Company would be able to purchase inventory directly from its suppliers, instead of purchasing through SIFE and SMPL as intermediaries.

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the Existing Thai Company purchase such Non-AMD Products from SIFE and SMPL at cost plus a nominal administrative fee and carry out the distribution activities in Malaysia and Thailand by selling such Non-AMD Products to IT retailers and system integrators in Malaysia and Thailand respectively.

As the Target Company did not have any direct contractual arrangements with its Manufacturers during the period where it was part of the Group, in connection with the Proposed Disposal and the intention to reduce reliance on the Group, the Target Company had engaged with its Manufacturers, and in view of the Target Company's track record, the Manufacturers have entered into the following distribution agreements with the Target Company, under which it will have a right to directly purchase IT products and computer peripherals from the Manufacturers:

- (1) Under a distribution agreement dated 1 October 2019 between MMD, SMPL and the Target Company, as amended by an addendum letter dated 27 April 2023, MMD has appointed the Target Company as a non-exclusive distributor in Malaysia for LCD monitors under the "AOC" brand. The appointment is for a one-year term and may be renewed for an additional one (1) year period upon mutual written agreement between the parties. The distribution agreement may be terminated at any time provided the terminating party gives the other parties at least sixty (60) days' notice of its intention to terminate prior to the termination or expiry of the distribution agreement.
- (2) Under a distributorship agreement dated 1 January 2021 between Dynabook and SIFE, as amended by an addendum letter dated 20 April 2023, Dynabook has appointed the Target Company as a non-exclusive distributor of the "Dynabook" branded SSDs in Malaysia. The initial appointment is for a one-year term and may be renewed for succeeding one-year terms if the parties agree in writing upon the terms and conditions for such renewal, including a minimum purchase amount, at least one (1) month prior to the expiration of the initial or the subsequent extended term. The distribution agreement may be terminated by Dynabook giving 30 days' notice upon the occurrence of certain events, including if the Target Company fails to attain the annual minimum purchase for the term or if Dynabook enters the Malaysian market directly.
- (3) Under a distribution agreement dated 1 January 2020 between MSI, SMPL and the Target Company, as amended by an amendment agreement dated 1 April 2020, the Target Company has been appointed by MSI as a non-exclusive distributor of MSI's motherboards and VGA Cards and offers such products for sale in Malaysia. The initial appointment is for a period of one (1) year and will automatically renew for successive one-year term, unless otherwise terminated. Any party is entitled to terminate the agreement by the giving of thirty (30) days' prior written notice. The distribution agreement immediately terminates if any party commits a material breach or ceases to conduct business in the normal course, or assigns or otherwise transfers its rights without the other party's written consent (the "**MSI Distribution Agreement**").
- (4) On 1 June 2022, the Target Company entered into a distribution agreement with MSI, under which MSI appointed the Target Company as a non-exclusive distributor of MSI's laptop products and to market such MSI laptop products within Malaysia. The initial term of the agreement is for one (1) year and will automatically renew for successive one-year term thereafter, unless otherwise terminated. Any party is entitled to terminate the agreement by the giving of thirty (30) days' prior written notice. The distribution agreement immediately terminates if any party commits a material breach or ceases to conduct business in the normal course, or assigns or otherwise transfers its rights without the other party's written consent.

None of the above distribution agreements make reference to the Company's shareholding interest in the Target Company.

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In relation to its other non-AMD Manufacturers, as at the Latest Practicable Date, the Target Group has engaged with such other non-AMD Manufacturers and has obtained such other non-AMD Manufacturers' in-principle agreement for the Target Group to purchase its Non-AMD Products directly from such non-AMD Manufacturers instead of through SIFE and SMPL as intermediaries. The Target Group expects to be able to purchase all of its Non-AMD Products directly from the Manufacturers no later than three months following Completion. To the extent that such Manufacturers would require the Target Group to enter into distribution contracts, the Target Group will ensure that such contracts will be entered into between the Target Group and the Manufacturers, and neither SIFE nor SMPL will be a party to such contracts. In order to facilitate such transition, during this three-month interim period, the Target Group intends to continue purchasing Non-AMD Products through SIFE and SMPL at cost and SIFE and SMPL will not charge any administrative fee.

The Target Group does not foresee any difficulties in purchasing all of its Non-AMD Products directly from the Manufacturers before the end of the three-month interim period, without any additional financing from the Company in view of the additional working capital that would be made available as a result of the Proposed Capitalisation.

In the event that the arrangement for the Target Group to purchase Non-AMD Products directly from the Manufacturers is delayed, the Target Group will continue purchasing Non-AMD Products through SIFE and SMPL as intermediaries and such purchases at cost (without any administrative fee) for and on behalf of the Target Group will continue, and therefore is not expected to have any impact on the Target Group operationally and financially.

Following the expiration of the three-month interim period, the Target Group will purchase Non-AMD Products directly from the Manufacturers.

Notwithstanding the above, in the event that any of the Manufacturers ceases to sell its IT products and computer peripherals to the Target Group, the Target Group has, by virtue of the range of products offered, the ability to offer its customers comparable substitutes, and, as such, such cessation is not likely to have a material impact on the Target Group's operation and/or financials. For example, the Target Group carries two brands of CPUs (being AMD and Intel), LCD monitors (being ViewSonic and Philips) and RAM modules (Apacer and Dynabook) and three brands of motherboards and VGA Cards (MSI, Gigabyte and ASRock). In addition, the Target Group would be able to source for other suppliers as a substitute or alternative brands for each product category.

Save for the above, the Target Company has not entered into any other contractual arrangements with its Manufacturers.

In addition, subject to the Target Company meeting the stipulated sales targets, certain Manufacturers would pay incentive rebates to the Target Company. In order to qualify for such incentive rebates, the Target Company would send weekly sales reports directly to the Manufacturers. If the Manufacturer is satisfied that its sales targets are met, the Manufacturer would issue credit notes to SMPL and SIFE which in turn pass on such incentive rebates to the Target Company by issuing credit notes for the same amounts to the Target Company. For avoidance of doubt, SMPL and SIFE do not retain such incentive rebates and instead pass the full amount of such incentive rebates on to the Target Company.

2.2.2 Target Thai Company

The Existing Thai Company has been appointed as a non-exclusive distributor by MSI to sell motherboards, VGA Cards, chassis, PSUs, liquid coolers, chairs and other IT products and computer peripherals manufactured under the "MSI" brand in Thailand.

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Pursuant to the terms of the Implementation Agreement, the Target Thai Company will enter into the MSI Novation Agreement prior to Completion, pursuant to which the Target Thai Company, the Existing Thai Company and MSI have agreed that, with effect from Completion, the Existing Thai Company will be substituted by the Target Thai Company under the existing distribution agreement between MSI and the Existing Thai Company dated 1 January 2023.

The Existing Thai Company has also been appointed as a local in-country reseller by AMD and purchases AMD Products from SMPL. In addition, the Existing Thai Company purchases Non-AMD Products through SIFE for its existing business in Thailand at cost. In connection with such purchases, SIFE charges a 0.1% administrative fee based on the cost of the products purchased. Upon Completion, the Target Thai Company will operate the Thai IT Consumer Business and will purchase Non-AMD Products from SIFE during a three-month interim period following Completion. SIFE will not charge any administrative fee during this three-month interim period. Following the expiration of such three-month interim period, the Target Thai Company will purchase all of its Non-AMD Products directly from the Manufacturers.

In addition, under the terms of the Implementation Agreement, during the one-year Transition Period commencing on Completion, while the Target Thai Company will endeavour to purchase the inventory required to fulfil orders from its suppliers (which includes purchases through SMPL and/or SIFE during the three-month interim period following Completion), in the event the Target Thai Company is unable to do so for whatever reason or the Existing Thai Company has inventory that would enable the Target Thai Company to fulfil such orders, the Target Thai Company will have the right to purchase such inventory from the Existing Thai Company at book value.²

As at the Latest Practicable Date, the Existing Thai Company has obtained confirmation from AMD, for the appointment of the Target Thai Company as an authorised local in-country reseller, and from Gigabyte and Apacer, for the appointment of the Target Thai Company as a distributor in Thailand, with effect from Completion.

2.3 Potential conflicts of interests

2.3.1 Thai IT Consumer Business

The Company has two main business segments, its electronics components distribution segment and its consumer distribution operating segment.

Under its electronics components distribution segment, the Company distributes electronic components including mainly integrated circuits, resistors, connectors, switches, wires and cables and relays, which are used in the manufacturing of finished products such as mobile phones and related accessories, personal computers, household appliances, security and surveillance equipment and industrial equipment.

Under its consumer distribution operating segment (which will be renamed to Print Services after Completion), the Company provides managed print services (including supply of printers, toners and papers) and distributes printer accessories (including primarily ink and toner cartridges), among others.

In addition, the Company distributes IT computer peripherals, parts and related products to IT retailers and system integrators in Malaysia and Thailand through the Target Company and the Existing Thai Company.

On Completion, the Target Company will become a wholly-owned subsidiary of the Purchaser.

² In the event the Target Thai Company is unable to purchase the inventory required to fulfil orders from its suppliers and the Existing Thai Company does not have inventory for the Target Thai Company to fulfil such orders, the Target Thai Company would not take up such order from its customer(s).

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The Existing Thai Company is a company incorporated in Thailand on 12 December 2019 and has two businesses as at the Latest Practicable Date: (i) the provision of managed print services in Thailand (the “**Thai MPS Business**”); and (ii) operations in the Thai IT Consumer Business, being the business of distributing computer peripherals, parts and related products to IT retailers and system integrators in Thailand, which was established in April 2022. After it ceases to be in the Thai IT Consumer Business during the Transition Period (which will be post-Completion), the remaining business in the Existing Thai Company will be the Thai MPS Business.

The Group has a 49.0% interest in the Existing Thai Company. Of the remaining 51.0%, 50.99% is held by Mr Natthawat’s mother and 0.01% is held by Mr Jitpichai Chaichit. Mr Natthawat’s mother currently does not hold any position in the Existing Thai Company and holds her shares in the Existing Thai Company as a nominee of Mr Natthawat. Mr Jitpichai Chaichit is a staff of the Existing Thai Company and currently holds the position of Sales Director of the Thai MPS Business. The shareholding of the Existing Thai Company is structured pursuant to the requirement that the Existing Thai Company shall have a minimum of three (3) shareholders at the time of its incorporation under the laws of Thailand. In addition, given that the Existing Thai Company is majority-owned by Thai nationals due to the interests held by Mr Natthawat’s mother and Mr Jitpichai Chaichit, the Existing Thai Company would not be required to obtain a foreign business license from the MOC to operate its business in Thailand.

Implementation Agreement

In order to address the potential conflicts of interest that may arise from the Group’s operations in the Thai IT Consumer Business, and as the Thai IT Consumer Business is relatively asset-light (save for inventory), the Purchaser, SIFE, the Existing Thai Company and Mr Natthawat have entered into the Implementation Agreement, under which the parties have agreed that, with effect from Completion:

- (a) 28 employees of the Existing Thai Company (including Mr Natthawat) that are involved in the Existing Thai Company’s operations in the Thai IT Consumer Business will be employed by the Target Thai Company with effect from Completion on terms no less favourable than their existing terms offered by the Existing Thai Company and the duration of such employees’ employment with the Existing Thai Company shall be counted as a period of employment with the Target Thai Company under such terms of employment with the Target Thai Company;
- (b) the Target Thai Company, the Existing Thai Company and MSI will enter into the MSI Novation Agreement prior to Completion, which will have the effect of substituting the Existing Thai Company with the Target Thai Company under the existing distribution agreement between MSI and the Existing Thai Company dated 1 January 2023. Pursuant to the MSI Novation Agreement, the Target Thai Company will, with effect from Completion, become the non-exclusive distributor of motherboards, VGA Cards, chassis, PSUs, liquid coolers, chairs and other IT products and computer peripherals manufactured under the “MSI” brand in Thailand. The Target Thai Company will purchase such products directly from MSI;
- (c) the Existing Thai Company will do all such things to assist the Target Thai Company’s appointment as an authorised local in-country reseller and distributor for IT products and computer peripherals manufactured by AMD, Gigabyte and Apacer. As at the Latest Practicable Date, the Existing Thai Company has obtained confirmations from AMD, for the appointment of the Target Thai Company as an authorised local in-country reseller, and from Gigabyte and Apacer, for the appointment of the Target Thai Company as a distributor in Thailand, with effect from Completion;
- (d) the Target Thai Company Lease Agreement will become effective. The Target Thai Company Lease Agreement is a lease agreement entered into between the Target Thai Company and Mr Natthawat for the Target Thai Company to occupy the entire first floor of the property at 4/1 Sukonthasawas Road, Ladphrao, Ladphrao, Bangkok 10230, Thailand for a three-year term;

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- (e) given that the Thai IT Consumer Business is trading in nature and as such is not asset intensive, no assets or liabilities will be transferred from the Existing Thai Company to the Target Thai Company on Completion (save as contemplated under the transitional arrangements);
- (f) the Target Thai Company will commence the operations in the Thai IT Consumer Business and the Existing Thai Company will cease operations in the Thai IT Consumer Business. During the three-month interim period following Completion, the Target Thai Company will continue to purchase Non-AMD Products through SIFE and SMPL at cost and no administrative fee will be charged. The Target Thai Company intends to purchase its Non-AMD Products directly from the Manufacturers after the end of this three-month interim period. In relation to AMD Products, the Target Thai Company will purchase AMD Products from SMPL as the regional distributor of AMD Products;
- (g) in addition, in order to deplete the Existing Thai Company's inventory, the following transitional arrangements will apply for a one-year period commencing on the day after Completion which the Purchaser views as being a sufficiently long period of time for the depletion of the Existing Thai Company's inventory (the "**Transition Period**"):

On or prior to Completion

- (1) one month prior to Completion, the Target Thai Company will be permitted to commence the ordering of IT products and computer peripherals as inventory through SMPL and SIFE, and the Existing Thai Company shall do all things and execute and sign all such documents and instruments as may be necessary, desirable or expedient to enable the Target Thai Company to commence the ordering of such inventory;
- (2) in relation to the accounts receivable standing to the account of the Existing Thai Company on Completion for orders received on or prior to Completion, the Existing Thai Company shall be permitted to collect such accounts receivables during the Transition Period;
- (3) in relation to orders received on or prior to Completion, the Existing Thai Company shall be permitted to fulfil all such orders, including purchasing IT products and computer peripherals from its suppliers and selling such products to its customers, provided that all such orders shall be fulfilled prior to the expiration of the Transition Period;

During the Transition Period

- (4) during the Transition Period, in relation to orders received by the Target Thai Company, while the Target Thai Company will endeavour to purchase the inventory required to fulfil such orders from its suppliers (which may include purchases from SMPL and/or SIFE in the event such orders are received during the three-month interim period following Completion), in the event the Target Thai Company is unable to do so for whatever reason or the Existing Thai Company has inventory that would enable the Target Thai Company to fulfil such orders, the Target Thai Company will have the right to purchase such inventory from the Existing Thai Company at book value for the purposes of fulfilling such orders; and
 - (5) the Existing Thai Company will provide management and other transitional services to the Target Thai Company at no cost to the Target Thai Company in order to facilitate the transitional arrangements;
- (h) the Target Thai Company SHA entered into between Mr Natthawat, the Purchaser and the Target Thai Company will take effect. The salient terms of the Target Thai Company SHA are set out below;

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- (i) the Target Thai Company will enter into the Target Thai Company Service Agreement, being a service agreement with Mr Natthawat as General Manager (Thailand) of the Target Thai Company on terms no less favourable than the terms offered by the Existing Thai Company, which will be effective on Completion;
- (j) the Existing Thai Company will procure the transfer or assignment of all of its existing fire insurance policy, burglary and theft insurance, public liability insurance and its insurance for employees to the Target Thai Company with effect from Completion; and
- (k) the Company will effect a change of name of the Existing Thai Company to “Print IQ MPS Co., Ltd” and the Existing Thai Company will cease to be in the Thai IT Consumer Business.

The Purchaser’s New Audit and Risk Committee shall be responsible for overseeing the respective parties’ compliance with the terms of the Implementation Agreement.

Target Thai Company SHA

The Target Thai Company SHA was entered into between the Purchaser, Mr Natthawat and the Target Thai Company on 27 December 2023.

Under the terms of the Target Thai Company SHA:

- (a) the Purchaser shall be entitled to appoint two (2) directors, and Mr Natthawat shall be entitled to appoint one (1) director, to the board of directors of the Target Thai Company, and all business arising at any meeting of the board of directors shall be decided by a majority of votes. For the avoidance of doubt (i) Mr Natthawat’s right to appoint a director is enshrined in the Target Thai Company SHA and is not contingent upon his employment with the Target Thai Company; and (ii) in the event of a cessation of Mr Natthawat’s employment with the Target Thai Company, unless the Target Thai Company SHA is terminated, Mr Natthawat would continue to be entitled to appoint one director and will continue to be a 51.0% shareholder of the Target Thai Company. In such an event, there is no obligation on Mr Natthawat’s part under the Target Thai Company SHA to transfer his shareholding in the Target Thai Company to the Purchaser;
- (b) no action shall be taken or resolution passed by the board of directors in connection with certain reserved matters except with the consent of the director nominated by the Purchaser. Such reserved matters include, *inter alia*, (i) any change in the share capital of the Target Thai Company; (ii) any change in the constitution of the Target Thai Company; (iii) the declaration or payment of any dividends; (iv) matters relating to the remuneration or benefits of directors or shareholders, their family members or related parties; and (v) the taking out or giving of loans with principal amount exceeding US\$50,000. The Purchaser has nominated Mr Kenny Sim Mong Keang and Mr Jason Soh Wei Keang as directors of the Target Thai Company;
- (c) no business shall be transacted at any general meeting of the Target Thai Company unless a quorum is present, which requires the presence (by proxy or by representative) of any two (2) shareholders of the Target Thai Company. In the event a quorum is not present within half an hour from the meeting, the meeting shall be adjourned to the same day in the next week at the same time and place. At such adjourned meeting, if a quorum is not present, the shareholder(s) present shall form the necessary quorum;
- (d) none of the shareholders are permitted to transfer or otherwise dispose of or create any interest in any shares in the Target Thai Company without the prior approval of all the other shareholders. In addition, each shareholder enjoys a right of refusal for any transfer of shares in the Target Thai Company;

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- (e) certain events unless waived by the other shareholders, including but not limited to (i) default by a shareholder in carrying out its obligations under the Target Thai Company SHA in any material respect and failing to rectify such default within 30 days of receipt of notice from another shareholder requiring such rectification; (ii) a shareholder being found guilty of a criminal offence, and is sentenced to more than one (1) month of imprisonment; or (iii) a shareholder being a company has a liquidator or provisional liquidator or receiver or receiver/manager or official manager or agent for a mortgagee in possession appointed in relation to its affairs or any or all of its assets, shall constitute an event of default. In such an event, the defaulting shareholder is deemed to have irrevocably offered to sell all the shares in the Target Thai Company held by the defaulting shareholder to the non-defaulting shareholder at a price that is the higher of (a) a 20% premium of the net tangible assets of the Target Thai Company attributable to such shares; or (b) the fair value of such shares as determined by the auditors of the Target Thai Company; and
- (f) Mr Natthawat irrevocably and unconditionally agrees and undertakes that for so long as he holds any shares and for a period of three (3) years thereafter he will not, among others, (i) be employed, engaged or interested in any business within Thailand that is in competition (whether directly or indirectly) with the Thai IT Consumer Business and/or any other business carried out by the Target Thai Company from time to time; (ii) solicit in competition with the Target Thai Company any person, firm or company who is or who was a customer of the Target Thai Company; and (iii) induce any director(s) or employee(s) of the Target Thai Company to terminate such person's directorship or to leave the employment of the Target Thai Company.

On the basis that the Purchaser would control the board of directors, the Target Group would have effective control over the Target Thai Company.

In the event Mr Natthawat intends to transfer his shares in the Target Thai Company such that he ceases to be the majority owner of the Target Thai Company, Mr Natthawat will be bound by the right of first refusal under the Target Thai Company SHA, which provides that in the event Mr Natthawat intends to transfer his shares in the Target Thai Company, Mr Natthawat must first offer to sell such shares to the Purchaser at a stated price. The Purchaser will have 90 days period or such extended period to be mutually agreed upon by the parties ("**Notice Period**") to consider whether or not such offer should be accepted. During this Notice Period, the Purchaser may seek to identify a new local joint venture partner to replace Mr Natthawat as the Target Thai Company's local joint venture partner in Thailand. The Purchaser views the Notice Period as being sufficient in this regard, after considering (i) the extent of the Target Company's existing business contacts in Thailand; (ii) the time required to negotiate commercial terms and enter into binding transfer agreements; and (iii) the time required to effect a transfer of shares in Thailand.

In the event the Purchaser does not exercise such right of first refusal, Mr Natthawat would only be permitted to transfer his shares to a Thai national at the price notified to the Purchaser. It is a condition of such transfer that such Thai national must have first executed and delivered to the Target Thai Company a deed of adherence as set out in the Target Thai Company SHA, except where the Purchaser and Mr Natthawat have given their prior written consent.

In the alternative, the Purchaser may also concurrently make an application to obtain a foreign business license under the Foreign Business Act B.E. 2542 (1999) during this Notice Period, which would exempt the Target Thai Company from having to have a local Thai partner. The Purchaser's legal adviser as to Thai laws has advised that the granting of such foreign business license is under the absolute discretion of the MOC, and subject to national policy at the time of application. In this regard, certain criteria will be taken into consideration when such decision is being made, including whether Thai nationals are able to conduct such business as well as the competitiveness, impact of such investment to the economy and social development in Thailand, ability to employ Thai employees and knowhow and expertise contribution to the business in Thailand.

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2.3.2 The Company and its subsidiaries

Immediately after the completion of the Proposed Purchaser Share Consolidation, the Proposed Share Issuance Transactions and the Proposed Compliance Placement, the Company will hold in aggregate approximately 73.3% of the Enlarged Share Capital, and (i) the Target Company will be a wholly-owned subsidiary of the Purchaser; and (ii) the Purchaser will acquire a 49.0% shareholding interest in the Target Thai Company.

By virtue of it being a Malaysia-incorporated subsidiary of the Group, the Target Company has been recognised as an authorised distributor in Malaysia by the Manufacturers and has been listed by such Manufacturers as an authorised distributor on their respective websites.

In addition, SerialTec (together with SMPL and SIFE, the “**Relevant Serial Entities**”) holds the distribution rights for desktop CPUs manufactured by AMD in Japan and accordingly, SerialTec is authorised to sell AMD Products to authorised local in-country resellers in Japan.

Save for the Relevant Serial Entities, no other entity within the Group is in the business of distributing IT products and computer peripherals, whether as a regional distributor selling such products to local in-country resellers, or as a local in-country reseller selling such products directly to local IT retailers and system integrators.

Exclusion of the Relevant Serial Entities from the Target Group

The Relevant Serial Entities were not included as part of the Target Group as the business and operations of the Relevant Serial Entities are fundamentally different to that of the Target Group. On one hand, the Target Company maintains, and the Target Thai Company will, upon Completion, maintain distribution operations in Malaysia and Thailand respectively, focusing on the sale of IT products and computer peripherals to local IT retailers and system integrators. This includes (i) their own teams of sales representatives; (ii) product managers for engagement with the Manufacturers; and (iii) logistics teams, each located in Malaysia and Thailand respectively. The Target Company operates, and, upon Completion, the Target Thai Company will operate, within the same position in the distribution value chain.

On the other hand, SMPL and SIFE do not have any distribution operations in Malaysia or Thailand. For AMD Products, SMPL is a regional distributor and sells AMD Products to the Target Company in Malaysia, and other local in-country resellers in Malaysia and in certain markets in Southeast Asia (including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam), i.e. it occupies a different position in the distribution value chain as compared to the Target Group. Unlike the Target Group, SMPL does not operate any distribution operations for AMD Products in Malaysia or Thailand and does not sell IT products and computer peripherals to IT retailers and system integrators in Malaysia or Thailand.

In relation to the distribution of AMD Products, the Group holds the regional distributorship in Southeast Asia and Japan through SMPL and SerialTec respectively and sells AMD desktop CPUs, which is the only AMD Products, to the local in-country resellers authorised by AMD in these countries.

The businesses of the Relevant Serial Entities

SerialTec is the indirect wholly-owned subsidiary of the Company. SerialTec is the distributor of AMD Products in Japan and sells AMD Products to local in-country resellers in Japan authorised by AMD. The Target Group has not been appointed by AMD as a local in-country reseller in Japan.

SMPL is the wholly-owned subsidiary of the Company. The core business of SMPL is in the distribution of electronic components including integrated circuits, resistors, connectors, switches, wires and cables and relays from suppliers like ON Semiconductor, OSRAMS Opto Semiconductors, TE Connectivity, Micron, Allegro Microsystems, Gigadevice and Littelfuse, which are used in the manufacturing of finished products such as mobile phones and related accessories, personal computers, household appliances, security and surveillance equipment and industrial equipment. Due to the wide variety of the finished products that can be manufactured

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using the electronic components distributed by SMPL, the customer base of SMPL spans a diverse range of industries such as consumer electronics, telecommunications, household appliances, industrial, electronics manufacturing services, security surveillance, automotive and medical products manufacturers which are different from the customer base of the Target Group. SMPL conducts its business through its subsidiaries in mainly Singapore, China, Hong Kong, Taiwan, South Korea, India and Malaysia.

SIFE is the indirect wholly-owned subsidiary of the Company. SIFE is the existing investment holding company of the Target Company. In addition to the Target Company, SIFE has one other wholly-owned subsidiary, Inkcarts Pte. Ltd., which is a dormant company. When the Target Group eventually purchases Non-AMD Products directly from the Manufacturers, SIFE will no longer have any business related to the Target Group.

Sale of AMD Products by SMPL

As the regional distributor of AMD Products in Southeast Asia (including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam), SMPL only sells AMD Products to the Target Company and other local in-country resellers authorised by AMD in Malaysia, and the Existing Thai Company and other local in-country resellers authorised by AMD in Thailand. All local in-country resellers in these countries (including the Target Company and the Existing Thai Company) are appointed by AMD (instead of SMPL), and SMPL is only permitted to sell the AMD Products to the designated local in-country resellers.

As authorised local in-country resellers appointed by AMD, the Target Company, the Existing Thai Company and all other authorised local in-country resellers are only permitted to sell AMD Products to local retailers and system integrators in the countries that are authorised by AMD and based on terms approved by AMD, and SMPL is not permitted to sell AMD Products to the Target Group's customers.

As such, there is no potential competition between SMPL's business and the Target Group's business with respect to the sale of AMD Products. Following Completion, the Target Group Companies intend to continue purchasing AMD Products from SMPL.

Sale of Non-AMD Products by SMPL and SIFE

In relation to Non-AMD Products, while SIFE and SMPL have entered into distribution agreements with certain Manufacturers which entitle them to purchase such Non-AMD Products directly from the Manufacturers, neither SIFE nor SMPL operates any distribution operations for Non-AMD Products in any country (including Malaysia and Thailand). SIFE and SMPL also do not sell the Non-AMD Products to any other parties. Instead, the distribution of such Non-AMD Products is carried out by the Target Company in Malaysia, and, upon Completion, will be carried out by the Target Thai Company in Thailand. In addition, SMPL and SIFE do not participate in any of the day-to-day communications on pricing, products, sales strategies and sales targets with the Manufacturers which are solely managed by the sales and marketing team of the Target Company.

It is expected that the Target Group will be able to purchase all of its Non-AMD Products directly from the Manufacturers no later than three months following Completion. In order to facilitate such transition, during this three-month interim period, the Target Company intends to continue purchasing IT products and computer peripherals through SIFE and SMPL at cost. At the end of the three-month interim period, SMPL will continue to operate its existing business of the distribution of electronic and electrical components and the distribution of AMD Products as a regional distributor and SIFE will no longer have any business related to the Target Group.

Notwithstanding the above, in the event that any of the Manufacturers ceases to sell its IT products and computer peripherals to the Target Group, the Target Group has, by virtue of the range of products offered, the ability to offer its customers comparable substitutes, and, as such, such cessation is not likely to have a material impact on the Target Group's operation and/or financials. For example, the Target Group carries two brands of CPUs (being AMD and Intel),

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LCD monitors (being ViewSonic and Philips) and RAM modules (Apacer and Dynabook) and three brands of motherboards and VGA Cards (MSI, Gigabyte and ASRock). In addition, the Target Group would be able to source for other suppliers as a substitute or alternative brands for each product category.

Sale of Non-AMD Products by SerialTec

In addition to SerialTec's distribution of AMD Products, SerialTec had distributed Non-AMD Products in Japan mainly to fulfil orders from customers in FY2022 and up to the Latest Practicable Date.

Pursuant to the Non-Compete Undertaking executed by the Company on 27 December 2023 to mitigate potential conflicts of interest, SerialTec has, as at the Latest Practicable Date, ceased purchasing Non-AMD Products and will not put in any new orders for Non-AMD Products.

In relation to its existing inventory of Non-AMD Products, SerialTec will be permitted to sell off such inventory to customers in Japan. As at the Latest Practicable Date, the value of such inventory is approximately USD 1.1 million. Under the terms of the Deed of Undertaking, the Company has undertaken to procure that SerialTec sell off such inventory within six (6) months following Completion.

As the Target Group does not operate in Japan, prior to completion, SerialTec's distribution of Non-AMD products in Japan did not compete with the Target Group's business, which is located in Malaysia and Thailand. Notwithstanding this, following the completion by SerialTec of its sell down of its existing inventory of Non-AMD Products, none of the entities within the Group would operate a similar business as the Enlarged Purchaser Group whether in Malaysia, Thailand, Japan or elsewhere.

The Board is of the view that the risk of any conflicts of interests are addressed and/or mitigated by the following:

- (a) none of the Relevant Serial Entities sells IT products and computer peripherals to the Target Group's customers, being IT retailers and system integrators, whether in Malaysia or Thailand or elsewhere;
- (b) in relation to the AMD Products, the Relevant Serial Entities do not share the same customers as the Target Company and the Target Thai Company. SMPL's customers are companies that are approved and appointed by AMD as local in-country resellers, including the Target Company and the Target Thai Company, and SerialTec's customers are local in-country resellers approved by AMD that are located in Japan. On the other hand, in relation to the AMD Products, the Target Company's and the Target Thai Company's customers are IT retailers and system integrators in Malaysia and Thailand respectively;
- (c) in relation to the Non-AMD Products, as the Target Company did not have any direct contractual arrangements with such Manufacturers during the time it was a member of the Group notwithstanding that it had been recognised by the Manufacturers as an authorised distributor, in connection with the Proposed Disposal and the intention to reduce reliance on the Group, the Target Company had engaged with its Manufacturers and, in view of the Target Company's track record, has entered into distribution agreements with MMD, Dynabook and MSI in 1Q2023.

In relation to its other non-AMD Manufacturers, as at the Latest Practicable Date, the Target Group is in discussions with such Manufacturers in order for the Target Group to purchase its Non-AMD Products directly from the Manufacturers instead of through SIFE and SMPL. The Target Group expects to be able to purchase all of its Non-AMD Products directly from the Manufacturers no later than three months following Completion. In order to facilitate such transition, during this three-month interim period following Completion, the Target Company intends to continue purchasing IT products and computer peripherals through SIFE and SMPL at cost. Following the expiration of such three-month period, the Target Group will purchase all Non-AMD Products directly from the Manufacturers.

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Neither the Company nor the Target Company sells any IT products and computer peripherals directly to consumer on any e-commerce platforms;

- (d) the Company has provided a non-compete undertaking in relation to the IT products and computer peripherals business of the Target Company and the Target Thai Company. Further details are set out in Section 2.3.3 of this Circular. Consequently, the sale by the Group of IT products and computer peripherals to IT retailers and system integrators in Malaysia or Thailand or any other country in which the Enlarged Purchaser Group has operations from time to time would be a breach of such undertaking. For the avoidance of doubt, as at the Latest Practicable Date, none of the Relevant Serial Entities sells IT products and computer peripherals to IT retailers and system integrators, whether in Malaysia, Thailand or elsewhere; and
- (e) the Target Group is managed independently from the Relevant Serial Entities with separate management teams and none of the employees of any of the Relevant Serial Entities are or will be employees of the Enlarged Purchaser Group.

Involvement of the Company in the management of the Enlarged Purchaser Group post Completion

Upon Completion, the Company would not have any involvement in the day-to-day decision-making process of the Enlarged Purchaser Group. The Enlarged Purchaser Group will be managed by a separate management team led by the proposed Executive Director and CEO, My Kenny Sim Mong Keang, who will be supported by Mr Jason Soh Wei Keong, the proposed General Manager of the Enlarged Purchaser Group, and Mr Natthawat, the proposed General Manager (Thailand). The proposed Financial Controller, Ms Ellen Yap Wai Fong, will be principally in charge of the finance function of the Enlarged Purchaser Group. The management team will report directly to the proposed board of directors of the Purchaser upon Completion as a whole, which will comprise seven directors, of which four will be independent directors.

2.3.3 Mitigation of Potential Conflicts of Interest – Non-Compete Undertaking

Pursuant to a deed of undertaking executed by the Company on 27 December 2023 (the “**Non-Compete Undertaking**”), the Company has irrevocably and unconditionally confirmed and undertaken to the Purchaser that for the duration of the Non-Competition Deed Period (as defined below), it shall not, and shall procure that its associates shall not:

- (a) in any capacity, be engaged in, concerned or interested in or carry on any business which will compete (whether directly or indirectly) with or is similar to the Purchaser Business (as defined below), save for (i) any interest in any securities which are listed on any securities exchange which does not exceed 5.0% of the aggregate voting rights of such securities; and (ii) save for SerialTec’s sell down of its existing inventory;
- (b) have any interest, directly or indirectly, in any person or entity who carries on, and/or provide any assistance in any way (including but not limited to managing, providing technical or other advice, financial assistance or otherwise) to any person or entity to carry on any business or other activity which competes with or is similar to the Purchaser Business of the Enlarged Purchaser Group, save for any interest in any securities which are listed on any securities exchange which does not exceed 5.0% of the aggregate voting rights of such securities;
- (c) whether directly or indirectly, solicit or entice away, or attempt to solicit or entice away from the Enlarged Purchaser Group, any person who is an officer, manager or employee of the Enlarged Purchaser Group, whether or not such person would commit a breach of his contract of employment with the Enlarged Purchaser Group by reason of leaving such employment;

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- (d) whether directly or indirectly, interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between the Enlarged Purchaser Group and any of the Enlarged Purchaser Group's suppliers, customers, clients, agents or correspondents, which will cause, or is likely to cause, such supplier, customer, client, agent or correspondent to cease or reduce the amount of business conducted with the Enlarged Purchaser Group;
- (e) whether directly or indirectly, share resources (including employees', customers' and suppliers' information), marketing campaigns, trade secrets, operational premises and facilities with any person, company or entity engaged which will compete (whether directly or indirectly) with the Purchaser Business;
- (f) share any confidential information in relation to the Purchaser Business with any person or entity outside the Enlarged Purchaser Group; and
- (g) use any trade mark of the Enlarged Purchaser Group in connection with any business.

For the purposes of this paragraph:

"Purchaser Business" means the business of the Enlarged Purchaser Group from time to time, which at the date of the Non-Compete Undertaking, includes acting as local in-country resellers of consumer and enterprise IT products and computer peripherals in Malaysia and Thailand; and

"Non-Competition Deed Period" means for the period commencing on the Completion Date and ending upon the earlier of the date on which the Purchaser ceases to be listed on the SGX-ST.

2.3.4 Summary of segregation of business

In summary, post Completion, the segregation of the business of the Target Group Companies and the remaining Group are set out in the table below:

Nature of business		Target Group Companies	The remaining Group (excluding the Target Group Companies)
Distribution of consumer and enterprise IT products and computer peripherals	AMD Products	As local in-country resellers in Malaysia and Thailand, distributing to local IT retailers and system integrators	As regional distributors in certain countries in Southeast Asia (including Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) and Japan, distributing to local in-country resellers
	Non-AMD Products	As local in-country distributors in Malaysia and Thailand, purchasing directly from the Manufacturers following the expiration of the three-month interim period	No longer purchasing from the Manufacturers as intermediaries exclusively for and on behalf of the Target Group Companies
Managed print services		Not providing managed print services in Thailand	Providing managed print services in Thailand

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2.4 Recurring Transactions

The Enlarged Purchaser Group anticipates that it would, in the ordinary course of business, enter into or continue to enter into certain transactions with the Group. As the Company is a controlling shareholder of the Purchaser upon Completion, in view of the time-sensitive and recurrent nature of such commercial transactions, the Purchaser will obtain a general mandate from its shareholders pursuant to Chapter 9 of the Catalist Rules to enable any or all members of the Enlarged Purchaser Group, in the ordinary course of their business, to enter into the mandated transactions with the Company, SIFE, SMPL and SerialTec (collectively, the “**Mandated Persons**”) which are necessary for day-to-day operations of the Enlarged Purchaser Group, provided that all such transactions are carried out on normal commercial terms, on an arm’s length basis, and are not prejudicial to the interests of the Purchaser and its minority Shareholders. Such mandated transactions are:-

- (a) the provision of certain shared services, comprising (i) in-house legal support services; (ii) software (SAP) and IT support services; (iii) human resources and general administrative services; and (iv) trade credit insurance management services, by the Mandated Persons to the Enlarged Purchaser Group (including associated company of the Purchaser over which the Enlarged Purchaser Group or the Enlarged Purchaser Group and the Group has or have control but excluding subsidiaries or associated companies listed on the SGX-ST or an approved exchange);
- (b) the borrowing of funds and obtaining of guarantees and other supporting security from the Mandated Persons, including standby letters of credit and trust receipts. In this regard, although the Mandated Persons are not in the business of providing financial services, it is not uncommon for holding companies to extend loans to downstream subsidiary companies, for example, to support working capital requirements. Such intercompany borrowings would occur in the ordinary course in response to the capital requirements of downstream companies. In addition, the Purchaser and the Target Company will become subsidiaries of the Group post the Reverse Takeover. While the Target Company will, as far as possible, seek to obtain any additional financing supported by a corporate guarantee and/or standby letter of credit from the Purchaser, a bank may require a corporate guarantee and/or standby letter of credit from the Group. In such an event, the Group will provide these subject to the terms of the mandate. The Target Company would also have to rely on the Group’s trust receipts during the three-month interim period post-Completion, during which the Target will migrate its purchases from SIFE and SMPL to the Manufacturers directly, which will also be subject to the mandate. For clarity, the extension of intercompany loans by the Company to the Purchaser would not be an interested person transaction from the Company’s perspective. Nonetheless, the terms of such loans would be subject to the Board’s review. Presently, all intercompany borrowings (including any interest charged on such borrowings) and corporate guarantees provided by the Company to its related companies are prepared by the Company’s management and reviewed by the Board on a half-yearly basis. All borrowings of the Group exceeding S\$5 million require the Board’s prior approval. All corporate guarantees and standby letters of credit provided to banks by the Company to support borrowings of the Company’s subsidiaries are reviewed and approved by the Board;
- (c) the purchase by the Enlarged Purchaser Group (including associated company of the Purchaser over which the Enlarged Purchaser Group or the Enlarged Purchaser Group and the Group has or have control but excluding subsidiaries or associated companies listed on the SGX-ST or an approved exchange) of IT products and computer peripherals from the Mandated Persons; and
- (d) the sale by the Enlarged Purchaser Group (including associated company of the Purchaser over which the Enlarged Purchaser Group or the Enlarged Purchaser Group and the Group has or have control but excluding subsidiaries or associated companies listed on the SGX-ST or an approved exchange) of IT products and computer peripherals to the Mandated Persons.

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2.5 Deed of Undertaking

Under a deed of undertaking dated 27 December 2023 (the “**Deed of Undertaking**”), the Company has unconditionally and irrevocably undertaken to the Purchaser that:-

- (i) in the event the Target Thai Company requires working capital for its day-to-day operations, it shall further extend working capital loans to the Target Thai Company of up to a maximum of USD4 million on a cost recovery basis, repayable at the discretion of the Target Thai Company;
- (ii) it shall continue to provide, and shall procure that its subsidiaries continue to provide, corporate guarantees and other supporting security, including standby letters of credit and trust receipts, in favour of the Target Group at no cost for a period of two (2) years following Completion (and such rate to be subject to review by the Purchaser’s New Audit and Risk Committee every two (2) years thereafter). For the avoidance of doubt, there is no limit to such financial support. For completeness, the Board views such arrangement as reasonable for the following reasons: (a) the Board is confident of the long-term prospects of the Target Group and it is not expected that the Company would have to provide financial support significantly in excess to that currently provided by the Group to the Target Group (given that the Target Group is currently part of the Group and will continue to be part of the Group post-Completion). In this regard, financial support currently provided to the Target Group includes corporate guarantee(s) and standby letter(s) of credit to secure banking facilities for the Target Company; (b) the Board views the interests of the Target Group to be aligned with that of the Company, as the Target Group will continue to be part of the Group post-Completion; (c) the Group is familiar with the existing business operations of the Target Group and has a good understanding of the potential financial support required; and (d) in any case, the terms of such provision of financial support will be governed and overseen by the Board and the Audit Committee to ensure that the amounts are reasonable and not dispensed indiscriminately. In this regard, the Group will implement appropriate review procedures and approval limits in respect of such financial support;
- (iii) in relation to the Interco Loan, being a loan of USD1 million (equivalent to SGD1.37 million, based on the mutually agreed 1Q2023 average exchange rate of USD1:SGD1.3696) which was extended by SMPL to the Target Company and the Interco Balances, being an amount of USD2 million (equivalent to SGD 2.74 million, based on the mutually agreed 1Q2023 average exchange rate of USD1:SGD1.3696) due and owing by the Target Company to the Group, arising from transactions between the Target Company and the Group, it undertakes to accept the settlement of all amounts outstanding under the Interco Loan (including principal and interest) and the Interco Balances via an issuance of 17,410,169 Interco Shares by the Purchaser to the Company at the Issue Price at Completion (the “**Proposed Capitalisation**”);
- (iv) in relation to the distribution of AMD Products and Non-AMD Products by SerialTec during the period comprising FY2020, FY2021, FY2022 and 1H2023, it shall procure that (a) SerialTec does not place any new orders for Non-AMD Products; and (b) SerialTec will sell off all its inventory of AMD Products within six (6) months following Completion; and
- (v) in relation to any sums due from the Target Group to the Company, the Company will not demand for repayment until such time when the Target Group has the ability to repay these sums.

The Deed of Undertaking has been entered into principally to ensure that the Target Group would have sufficient financial resources in order to successfully carry out its business plans. The Board is of the opinion that the Deed of Undertaking supports the Target Group’s Business post the Reverse Takeover, and as the Target Group will be a part of the Enlarged Purchaser Group, which will in turn be part of the Group, such support will in turn be beneficial to the Enlarged Purchaser Group and thus the Group as a whole.

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2.6 Financial Information

2.6.1 The audited financial highlights of the Sale Business for the FY2020, FY2021 and FY2022 and the unaudited financial highlights for 1H2023 are as follows:

USD ('000) ⁽¹⁾	FY2020 ⁽²⁾ (audited)	FY2021 ⁽²⁾ (audited)	FY2022 ^{(3)&(4)} (audited)	1H2023 ^{(3)&(4)} (unaudited)
Revenue	37,463	54,202	44,666	34,406
Profit/(loss) before tax	745	1,840	(1,043)	(815)
Profit/(loss) after tax	742	1,837	(1,045)	(816)
Current Assets	12,385	14,516	15,167	13,566
Non-Current Assets	507	402	249	180
Current Liabilities	12,119	12,385	13,961	12,791
Non-Current Liabilities	152	116	11	–
Net Assets	621	2,417	1,444	955

Notes:

(1) Based on an average exchange rate for RM:USD of 0.23775 for FY2020, 0.24190 for FY2021, 0.22771 for FY2022 and 0.22551 for 1H2023 and average exchange rate for THB:USD of 0.02950 for FY2022 and 0.02921 for 1H2023 and a closing exchange rate for RM:USD of 0.24848 for 31 December 2020, 0.23955 for 31 December 2021, 0.22701 for 31 December 2022 and 0.21374 for 30 June 2023.

(2) The financial information for FY2020 and FY2021 relates to the Target Company only, and excludes Straitsmart, which was incorporated on 29 June 2020 as a wholly-owned subsidiary of the Target Company. On 23 December 2022, the Target Company disposed of its entire interest in Straitsmart to URG Pte. Ltd., a company that is an indirect subsidiary of the Company. Straitsmart's operations are not material in the context of the Proposed Disposal as (i) Straitsmart's business is distinct from the Sale Business. Straitsmart is in the business of distributing fast moving consumer goods, such as medical gloves and speciality snacks; and (ii) Straitsmart constitutes a relatively small part of the Target Company's principal business in terms of its financial contribution. The net liabilities of Straitsmart for FY2020 and FY2021 account for -2.5% and -0.002% of the net asset value of the Target Company for FY2020 and FY2021 respectively, and the net (loss)/profit of Straitsmart for FY2020 and FY2021 accounts for -2.0% and 0.8% of the net profits of the Target Company for FY2020 and FY2021 respectively.

In addition, the financial information for FY2020 and FY2021 also does not include the Thai IT Consumer Business as the Thai IT Consumer Business commenced operations in April 2022.

(3) Notwithstanding that there are assets and liabilities attributable to the Thai IT Consumer Business as part of the business operations of the Existing Thai Company, the transfer of the Thai IT Consumer Business to the Target Thai Company will not involve any transfer of assets or liabilities. The transfer of the Thai IT Consumer Business to the Target Thai Company will primarily involve the transfer by the Existing Thai Company to the Target Thai Company of employees that are involved in the Thai IT Consumer Business and certain business contracts. Accordingly, the figures do not take into account balance sheet items pertaining to the Thai IT Consumer Business.

(4) FY2022 and 1H2023's revenue for the Sale Business is computed by adding 100% revenue of the Target Company and 100% revenue of the Thai IT Consumer Business from 1 April 2022 to 31 December 2022 for FY2022 and 1 January 2023 to 30 June 2023 for 1H2023. FY2022 and 1H2023's losses before and after tax is computed by adding 100% loss before and after tax of the Target Company and SIFE's attributable 49% interest in the loss before and after tax of the Thai IT Consumer Business in the respective period. The financial information for FY2022 also excludes Straitsmart.

2.6.2 The pro forma loss on the sale of the Sale Business based on the unaudited consolidated financial statements of the Company as at 30 June 2023 is approximately US\$468,000, which is computed as follows:

	USD'000
The Group's 81.82% ⁽¹⁾ share of the Purchaser's 1H2023 losses	(617)
Reduction of the Group's 18.18% ⁽¹⁾ share of the Target Company's 1H2023 losses	78
Reduction of the Group's 8.9% ⁽¹⁾ share of Existing Thai Company (Thai IT Consumer Business)'s 1H2023 losses	71
Total pro forma loss	(468)

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Note:

- (1) The Group's shareholding interests of 81.82%, 18.18%, and 8.9% reflected above do not account for the effects of the proposed issuance of the Interco Shares and the Proposed Compliance Placement.

2.6.3 Based on the unaudited financial statements of the Target Company for 1H2023 and the unaudited financial statements of the Existing Thai Company (Thai IT Consumer Business) for 1H2023:

- (a) the NTA value of the Sale Business is approximately US\$955,000;
- (b) the book value of the Sale Business is approximately US\$955,000;
- (c) the excess of the proceeds (which is computed by reference to the Purchase Consideration as there are no cash proceeds) over the book value of the Sale Business is approximately US\$18,965,000 which is computed as follows:

	USD'000
Purchase Consideration of S\$27 million	19,920
Less: Net book value of the Sale Business as at 30 June 2023	(955)
Excess of proceeds over the book value of the Sale Business	<u>18,965</u>

- (d) the net loss attributable to the Sale Business is approximately US\$816,000.

2.7 Information regarding the Purchaser

2.7.1 The Purchaser is incorporated in the Federal Territory of Labuan under the Labuan Companies Act 1990 and is listed on the Catalist Board.

2.7.2 As announced by the Purchaser on 6 April 2021, the Purchaser does not currently have any revenue generating business and is deemed to be a cash company as defined under Rule 1017 of the Catalist Rules as the Purchaser's assets currently consist substantially of cash. Pursuant to Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Purchaser from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company.

2.7.3 On 31 March 2022, the Purchaser announced that SGX RegCo had no objection to the Purchaser's application for an extension of time. Pursuant to such application, the Purchaser must sign a definitive sale and purchase agreement and submit a reverse takeover application to SGX RegCo by 30 September 2022.

2.7.4 On 1 December 2022 the Purchaser announced that SGX RegCo had no objection to the Purchaser's application for a further extension of time up to 30 September 2023 to complete the reverse takeover and hence meet the requirements of Catalist Rules 1017(2) and 1304. The SGX RegCo will not grant any further extension if the Purchaser's application for the reverse takeover is not submitted to the SGX RegCo's IPO Admissions Unit by 31 May 2023.

2.7.5 The Purchaser does not have any shareholding interest, direct or indirect, in the Company, and the Company does not have any shareholding interest, direct or indirect, in the Purchaser.

2.7.6 As far as the Company is aware, the directors and/or substantial shareholders of the Purchaser are not related to any of the directors, the CEO, or substantial shareholders of the Company.

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3. TERMS AND CONDITIONS OF PROPOSED DISPOSAL

3.1 Proposed Disposal

Subject to the terms and conditions contained in the SPA, the Purchaser shall purchase, and SIFE shall sell to the Purchaser all and not part only of the legal and beneficial interest in the Sale Shares, free from all encumbrances and with all the rights, benefits and entitlements now or hereafter attaching thereto.

3.2 Purchase Consideration

The Purchase Consideration shall be S\$27,000,000. The Purchase Consideration was arrived at after arm's length negotiations and on a willing-buyer willing-seller basis, after taking into account commercial factors including, *inter alia*, the historical performance and business prospects of the Target Group Companies and prevailing market conditions.

3.3 Consideration Shares

3.3.1 The Purchase Consideration shall be fully satisfied by the issuance and allotment to the Company (being the nominee of SIFE) of 114,406,780 new Consolidated Shares (collectively, the "**Consideration Shares**", and each share a "**Consideration Share**"), at an issue price of S\$0.236 per Consideration Share (the "**Issue Price**") as determined below. The Consideration Shares shall be computed at the Completion Date based on the following formula:-

$$\text{Number of Consideration Shares} = \frac{\text{Purchase Consideration}}{\text{Issue Price}}$$

where the Issue Price shall be determined based on the following formula:-

$$\text{Issue Price} = \frac{\text{Purchaser Ascribed Value}}{\text{Total Number of Shares}}$$

where:

- (a) The "**Purchaser Ascribed Value**" means S\$5,500,000 being the ascribed value of the Purchaser as agreed between the parties to the SPA; and
- (b) The "**Total Number of Shares**" means the total number of ordinary shares in the capital of the Purchaser in issue immediately preceding the Completion Date, subject to adjustment in the event of a consolidation of the ordinary shares of the Purchaser at such ratio as may be agreed between the Purchaser and SIFE, if necessary, to allow the Purchaser to comply with the requirements under Catalist Rule 1015(3)(c) (the "**Proposed Purchaser Share Consolidation**").

3.3.2 The Consideration Shares shall be credited as fully paid and free from all encumbrances and ranking *pari passu* in all respects with the ordinary shares in the capital of the Purchaser existing as at the Completion Date, including the right to receive in full all dividends and other distributions declared, paid or made as from the Completion Date.

3.3.3 In addition, a fee of S\$500,000 will be payable to Kho Wee Hong George (the "**Introducer**") on Completion, and such payment shall be satisfied by an allotment and issuance of new Purchaser Shares by the Purchaser to the Introducer at the Issue Price (the "**Introducer Shares**") on Completion.

3.4 Conditions Precedent and Completion

3.4.1 Pursuant to the SPA, Completion is subject to the satisfaction of the Conditions Precedent, which are set out in **Appendix A** to this Circular. Subject to the satisfaction of the Conditions Precedent, Completion is expected to take place by the Long Stop Date.

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3.4.2 If any of the Conditions Precedent is not fulfilled or waived by mutual consent of the parties to the SPA by the Long Stop Date, the SPA shall, *ipso facto*, cease and determine.

3.4.3 As of the date of this Circular, the following Conditions Precedent in **Appendix A** remain outstanding: Paragraphs (f), (j), (n), (o), (p), (q), (s), (v) and (y) and the following have been fulfilled or satisfied: Paragraphs (a), (b), (c), (d), (e), (g), (h), (i), (k), (l), (m), (r), (t), (u), (w), (x) and (z).

3.4.4 Completion shall take place on the date falling seven (7) Business Days after the date of the fulfilment of all the Conditions Precedent provided in the SPA unless they are waived in accordance with the provisions set out in the SPA (the "**Completion Date**").

3.5 **Undertakings, representations and warranties**

The Proposed Disposal is subject to such further undertakings, representations and warranties from each of SIFE and the Purchaser respectively as are customary for transactions of similar nature.

3.6 **Termination**

3.6.1 Either party to the SPA may (but is not obliged to), by notice to the other party given at any time prior to Completion, terminate the SPA if it has come to the notice of the first mentioned party whether as a result of its due diligence investigations or otherwise of any material breach of the representations, warranties and/or undertakings contained in the SPA and such breach is not capable of remedy, or if capable of remedy is not remedied to the reasonable satisfaction of the first mentioned party within twenty-one (21) calendar days after its receipt of a written notice from the first mentioned party demanding for the remedy of such breach.

3.6.2 The parties to the SPA may terminate the SPA by mutual written consent any time on or prior to the Long Stop Date.

3.6.3 In the event of termination of the SPA, the SPA shall cease to have any force or effect (save in respect of certain clauses which customarily survive termination), in which case no party to the SPA shall (subject to provisions regarding the bearing of costs and expenses) have any claim against the other party for costs, damages, compensation or otherwise.

3.7 **Fees and expenses**

3.7.1 The parties to the SPA agree to bear the costs and expenses incurred or to be incurred in connection with the Proposed Disposal (the "**Transaction Expenses**") in the following manner, subject to the terms set out in Sections 3.7.2 and 3.7.3, and the aggregate Transaction Expenses to be borne by the Purchaser shall not exceed S\$1.2 million:

(a) SIFE agrees and undertakes to bear the fees and expenses of:

- (1) its own legal advisers to be appointed in connection with the Proposed Disposal; and
- (2) the internal auditor to be appointed in connection with the Proposed Disposal.

(b) The Purchaser agrees and undertakes to bear the fees and expenses of:

- (1) the financial adviser (being the Catalist Sponsor) to be appointed in connection with the Proposed Disposal;
- (2) the independent auditors and reporting accountants to be appointed in connection with the Proposed Disposal;
- (3) its own legal advisers to be appointed in connection with the Proposed Disposal (including, for the avoidance of doubt, any foreign legal advisers appointed in connection with the Proposed Disposal);

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- (4) the independent valuer(s) for the Purchaser's Independent Valuation;
- (5) the independent financial adviser to be appointed by the Purchaser in relation to the Whitewash Resolution; and
- (6) any other expenses incurred or to be incurred in connection with the Proposed Disposal,

provided that the Purchaser's prior written consent has been sought in relation to the amount and payment terms of such fees.

3.7.2 In the event that:

- (a) Completion does not take place in the situation where all the Conditions Precedent in the SPA required to be performed or fulfilled by the Purchaser on or prior to Completion are duly satisfied and the Purchaser fulfils all its obligations hereunder and is not otherwise in breach or default of the terms and conditions of the SPA, but notwithstanding this, SIFE decides not to proceed with the Proposed Disposal for whatever reason or is in wilful breach or default of the terms and conditions of the SPA, the full amount of the Transaction Expenses shall be equally borne by SIFE and the Purchaser; or
- (b) Completion does not take place or the SPA is terminated at any time where the Purchaser is in breach or default of the terms and conditions of the SPA, the terms set out in Section 3.7.1 shall continue to apply.

3.7.3 In the event that the SPA is terminated at any time or Completion does not take place for whatever reason, save in the case as set out above in Section 3.7.2, the terms set out in Section 3.7.1 will continue to apply.

3.8 Proposed Compliance Placement

In order to satisfy the minimum distribution and shareholding spread requirements of 15.0% of the Enlarged Share Capital to be held by at least two-hundred (200) public shareholders on the Catalist Board set out in the Catalist Rules, and/or for working capital purposes, the Purchaser will appoint a placement agent, on a best efforts basis, to carry out a placement of new ordinary shares in the capital of the Purchaser by way of an allotment and issue of up to 22,500,000 Placement Shares in the capital of the Purchaser at an issue price of not less than S\$0.20 per Placement Share and on such terms as may be mutually agreed between SIFE and the Purchaser, following the Completion.

4. RATIONALE FOR, BENEFITS OF AND USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

4.1 Rationale for and benefits of the Proposed Disposal

4.1.1 As the consideration for the Proposed Disposal is in the form of new ordinary shares in the share capital of the Purchaser, the Company will hold in aggregate approximately 73.3% of the Enlarged Share Capital immediately after the completion of the Proposed Purchaser Share Consolidation, the Proposed Share Issuance Transactions and the Proposed Compliance Placement, hence resulting in the Company gaining control over the Purchaser. From the perspective of the Purchaser, this constitutes a reverse takeover of the Purchaser.

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4.1.2 The Board is of the view that the Proposed Disposal and the corresponding Reverse Takeover will be beneficial to the Shareholders. The Reverse Takeover is expected to bring about tangible economic benefits to the Shareholders that are substantial, quantifiable and clearly achievable for the following reasons:

(a) More efficient allocation of capital and resources and maximisation of growth trajectories

The Reverse Takeover allows the Group to allocate capital and resources more efficiently among its independent business segments while benefiting from the growth of the Sale Business.

In order to realise their growth opportunities, the Target Group Companies may require further capital. The Proposed Disposal, along with the corresponding Reverse Takeover, allows the Target Group Companies' management teams to chart their own growth path and to organise their own funding (if required) for their continual operational growth and new business expansion, while reducing the Company's exposure to any financial risks of the Target Group Companies as they pursue their growth opportunities. The Reverse Takeover will also allow the Target Group Companies to pursue potential strategic alliances and/or acquisitions opportunities and to raise funds from investors in their own rights and on their own merits. Such opportunities may not be available to the Target Group Companies if they remain a part of the Group as the absence of a listed platform in relation to the Target Group Companies limits their attractiveness as a potential acquiror (or as acquiree, as the case may be) for mergers and acquisitions and ability to access capital markets to obtain funding. In this regard, the Target Group Companies, assuming completion of the Proposed Disposal, intend to work (as part of the Enlarged Purchaser Group) towards establishing a greater presence in the region in countries such as Vietnam, Indonesia and Philippines organically or through strategic alliances and/or acquisitions and work with existing and new suppliers to expand the product offerings and range.

Due to the different business segments, i.e. the Sale Business and the Group's remaining business, being in the different stages of growth and hence facing different growth opportunities, the Directors are of the view that raising equity and/or tapping into debt financing as separate listed entities will enable both the Group's remaining business and the Sale Business to maximise their respective growth trajectories, allowing each of them to maximise market opportunities, profits and shareholder value. Accordingly, the Catalist Board would be an ideal platform for the Target Group Companies to establish their own identity as group of companies with growth prospects following the Reverse Takeover. It also allows the Target Group Companies to benefit from the greater flexibilities offered by the Catalist Board such as the different thresholds catering to the needs of growth companies.

The Group had historically supported the credit standing and financing requirements of the Target Company. The Company has provided corporate guarantees and bank standby letters of credit to help secure banking facilities for the Target Company, the details of which are set out in the table below:

Bank	Total Facilities	Security
United Overseas Bank (Malaysia) Berhad	MYR27,000,000	Corporate guarantee from the Company at MYR 29.4 million and a standby letter of credit of S\$2.66 million from United Overseas Bank Ltd (Singapore)
Maybank Islamic Berhad	MYR8,000,000	Corporate guarantee from the Company

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Assuming the Target Group Companies realises the growth opportunities, as part of a separately listed group of companies, the Target Group Companies would be in a position to arrange for and manage its own debt financing and credit support requirements. Accordingly, the Group's remaining business will then not be required to fund the operations of the Sale Business, thus allowing the Group's remaining business to concentrate its resources on its own expansion and to pursue new opportunities.

(b) Improved focus on different business segments brought by segregation of management and talent

Upon the completion of the Proposed Disposal, the Sale Business will be managed by a management team independent of the management of the Group. It is proposed that:

- (i) Mr Kenny Sim Mong Keang be the Executive Director and the CEO of the Enlarged Purchaser Group. Mr Sim first joined the Target Company in September 2022 as an external consultant and, with effect from 1 April 2023, commenced performing interim CEO services as an independent consultant to the Target Company. Prior to this, Mr Sim was the CEO and founder of CESK Capital Pte Ltd and FSK Advisory Pte Ltd, companies which specialise in corporate advisory services, and human resource consulting, respectively. Mr Sim also has 16 years of experience in the electronics distribution business, having served as CEO of WE Holdings Ltd (now known as Accrelist Ltd.), which, while Mr Sim was CEO, was a distributor of electronic products in Singapore and Southeast Asia and a system integration and business consultancy for turnkey electronic solutions. Mr Sim is also the Non-Executive Director of Global Invacom Group Limited, a satellite communication company listed on the Mainboard of SGX-ST, ZACD Group Ltd, an integrated asset manager listed on the Hong Kong Stock Exchange and USP Group Limited, a company listed on the Mainboard of the SGX-ST with its core businesses in the distribution of marine engine products, recycling of waste oils, scientific instrumentation/calibration, and property investment and management. Mr Sim also currently serves on the boards of private companies in the real estate and investment sectors. Mr Sim earned a Bachelor of Commerce from Murdoch University, Western Australia, and a Diploma in Electronics Engineering from Ngee Ann Polytechnic, Singapore. He was awarded the Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2020 for his contribution to public services and the Public Service Star (COVID-19) in recognition of his contribution to Singapore's fight against the COVID-19 pandemic;
- (ii) Mr Jason Soh Wei Keong be the Group General Manager of the Enlarged Purchaser Group. As the proposed Group General Manager of the Enlarged Purchaser Group, Mr Soh will be in charge of the Enlarged Purchaser Group's overall operations, including the sales and marketing function and logistics and quality assurance. Mr Soh was appointed in August 2018 and remains currently the general manager of the Group's Consumer & Information Technology Peripheral Division and prior to Completion, will resign from his role in the Group. Mr Soh started as a Sales Engineer with SMPL, a wholly-owned subsidiary of the Company, in January 2005. In his 19 years of services with the Group, he has held various positions which include product marketing manager for Texas Instruments in October 2008 and supplier business manager for TE Connectivity in October 2012 before assuming the role of general manager for Swift-Value Business Pte. Ltd., a wholly-owned subsidiary of the Group that is in the business of print supplies, in July 2015. Mr Soh earned a Bachelor of Engineering, Electrical & Electronic Engineering from the Nanyang Technological University, Singapore in 2004;

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- (iii) Ms Ellen Yap Wai Fong be the Financial Controller of the Enlarged Purchaser Group. As Financial Controller of the Enlarged Purchaser Group, Ms Yap will be responsible for the overall financial health of the Enlarged Purchaser Group, including overseeing the Enlarged Purchaser Group's treasury function, credit control function and its financial reporting activities. Ms Yap has been serving as the finance manager of the Target Company since August 2018. Prior to joining the Target Company in 2018, Ms Yap was a Finance Manager at Onet Limited, an e-commerce business focusing on health, wellness and lifestyle products. Prior to that she was the Assistance Finance Manager at Luxasia (M) Sdn. Bhd., a cosmetics and perfumes distributor. Ms Yap also has had experience with companies in the logistics and food and beverage industries. Ms Yap is a trained accountant and last practiced with Bartfields (UK) Limited where she was a Senior Associate. Ms Yap earned her ACCA (Association of Chartered Certified Accountants) qualification in 2003 and graduated with an Advanced Diploma in Financial Accounting from TAR College, Malaysia in 2000; and
- (iv) Mr Natthawat be the General Manager (Thailand) of the Target Thai Company. Mr Natthawat is currently the Managing Director of the Existing Thai Company. As General Manager (Thailand), Mr Natthawat will be responsible for the overall operations of the Target Thai Company and will report directly to the proposed General Manager of the Enlarged Purchaser Group, Mr Jason Soh Wei Keong. Mr Natthawat is an experienced entrepreneur and, shortly after graduating from university, established S.T.S. Telecom Company Limited, which operated a factory assembling batteries for mobile phones in Thailand and sold mobile phones and mobile phone accessories to retailers in Thailand. In 2000, Mr Natthawat set up S Trek (Thailand) Company Limited to distribute thumb drives and other IT products and peripherals in Thailand. His experience in the industry led to the appointment of S Trek (Thailand) Company Limited as a distributor of AMD Products. He partnered with the Group in 2022 to operate the Existing Thai Company. Mr Natthawat earned a Bachelor of Marketing from Assumption University, Thailand and a Master in Business Administration (International Business) from Coventry University, United Kingdom.

The management team of the Sale Business will be compensated based on the Sale Business' performance to motivate the senior executives to improve the financial position of the Target Group Companies. A separate and dedicated management team will help to better harness the growth potential of the Sale Business.

Separate and independent management teams for the Group's remaining business and the Sale Business will allow the senior management of each group to focus their attention on the relevant business segments and deliver the best possible value to the respective shareholders. Save for certain functions such as in-house legal support services, software (SAP) and IT support services, human resources and general administrative services and trade credit insurance management services, the Group's remaining business and the Sale Business are, and will be, managed by separate operational, administrative and finance teams, hence improving corporate autonomy, visibility, management control and accountability, and enhancing performance measurement.

Furthermore, the Group envisages that listed status better allows the Target Group Companies to attract talent from relevant fields to join the Target Group Companies in senior management positions or as board members, hence enhancing the leadership team of the Target Group Companies upon completion of the Proposed Disposal and Reverse Takeover. This is already evident from the proposed recruitment of Mr Sim as the proposed Executive Director and CEO of the Enlarged Purchaser Group.

Upon Completion, Mr Sean Goh Su Teng, who is presently the Company's Executive Director and Deputy Group CEO is proposed to be the Chairman and Non-Executive Director of the Purchaser and Ms Victoria Goh Si Hui, the Company's Executive Director and Vice President, Business Development & Marketing is also proposed to be Non-Executive Director of the Purchaser.

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- (c) No material impact to the principal business, scale of operations, financial performance and condition of the Group after the Reverse Takeover

The Proposed Disposal will not result in any change in the principal business of the Group and will not result in any material impact to the scale of operations of the Group. Based on past financial statements of the Group, the Group's core business of electronic components distribution, which now forms part of the Group's remaining business, has been the major contributor to revenue, gross profit and net profit of the Group and occupies majority of the assets and net assets of the Group. As shown from the financial analysis of the Group and the Sale Business below, the Sale Business constitutes a relatively small part of the Group's principal business in terms of the Sale Business' revenue, profit, total assets and net assets contribution to the Group. The revenue and gross profit of the Sale Business have consistently accounted for no more than 6% and 5% of the revenue and gross profit respectively of the Group in FY2020, FY2021 and FY2022 and only accounted for 9% and 5% of the revenue and gross profit respectively for 1H2023.

	1H2023 (US\$'000) (unaudited) ⁽⁶⁾	FY2022 (US\$'000) (audited) ⁽⁶⁾	FY2021 (US\$'000) (audited) ⁽⁵⁾	FY2020 (US\$'000) (audited) ⁽⁵⁾
By revenue contribution				
Revenue of the Group	369,771	906,723	895,893	731,400
Revenue of the Sale Business	34,406	44,666	54,202	37,463
Percentage of the Sale Business' revenue over the Group's revenue	9%	5%	6%	5%
By gross profit contribution				
Gross profit of the Group	29,486	73,750	72,973	45,896
Gross profit of the Sale Business	1,404	1,605	3,302	1,719
Percentage of the Sale Business' gross profit over the Group's gross profit	5%	2%	5%	4%
By earnings before interest, tax, depreciation and amortisation ("EBITDA") contribution				
EBITDA of the Group	(3,845)	9,633	20,768	13,216
EBITDA of the Sale Business	(560)	(663)	2,094	1,045
Percentage of the Sale Business' EBITDA over the Group's EBITDA	15%	-7%	10%	8%
By net profit contribution ⁽¹⁾⁽²⁾⁽³⁾				
Net profit/(loss) before tax of the Group	(14,858)	(4,031)	14,099	1,619
Net profit/(loss) before tax of the Sale Business ⁽⁴⁾	(816)	(1,043)	1,840	745
Percentage of the Sale Business' net profit/(loss) before tax over the Group's net profit/(loss) before tax	5%	26%	13%	46%

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	1H2023 (US\$'000) (unaudited) ⁽⁶⁾	FY2022 (US\$'000) (audited) ⁽⁶⁾	FY2021 (US\$'000) (audited) ⁽⁵⁾	FY2020 (US\$'000) (audited) ⁽⁵⁾
By total assets contribution				
Total assets of the Group	410,204	457,518	437,797	396,715
Total assets of the Sale Business	13,746	15,416	14,918	12,892
Percentage of the Sale Business' total assets over the Group's total assets	3%	3%	3%	3%
By net assets contribution				
Net assets of the Group	133,255	148,633	161,395	151,738
Net assets of the Sale Business	955	1,444	2,417	621
Percentage of the Sale Business' net assets over the Group's net assets	1%	1%	1%	0.4%

Notes:

- For 1H2023, the Group's net loss is impacted by foreign exchange loss of US\$4.8 million, allowances for inventory obsolescence of US\$3.7 million, loss allowance on trade and other receivables of US\$1.7 million and higher interest expenses due to high interest rates. The Sale Business' net loss is due to foreign exchange/hedging loss of US\$0.5 million and allowances for inventory obsolescence of US\$0.2 million.
- For FY2022, the Group's net loss is impacted by foreign exchange loss of US\$6.6 million and allowances for inventory obsolescence of US\$4.7 million. The Sale Business' net loss is due to foreign exchange/hedging loss of US\$0.4 million and allowances for inventory obsolescence of US\$0.3 million.
- For FY2020, the Group's net profit was impacted by COVID-19, but the Sale Business, comprising only the Target Company's profit, benefited from work-from-home measures due to COVID-19 which boosted the demand for products such as computer accessories, processors, and VGA Cards.
- The Thai IT Consumer Business only commenced operations in April 2022.
- The financial information of the Sale Business for FY2020 and FY2021 relates to the Target Company only, and excludes Straitsmart, which was incorporated on 29 June 2020 as a wholly-owned subsidiary of the Target Company. Straitsmart is in the business of distributing fast moving consumer goods, such as medical gloves and speciality snacks. On 23 December 2022, the Target Company disposed of its entire interest in Straitsmart. The financial information of the Sale Business for FY2020 and FY2021 also does not include the Thai IT Consumer Business as the Thai IT Consumer Business commenced operations in April 2022. 1H2023's and FY2022's loss before tax are computed by adding 100% of the loss before tax of the Target Company and 49% of the loss before tax of the Thai IT Consumer Business. The financial information of the Sale Business for FY2022 also excludes Straitsmart.
- Notwithstanding that there are assets and liabilities attributable to the Thai IT Consumer Business as part of the business operations of the Existing Thai Company, the transfer of the Thai IT Consumer Business to the Target Thai Company will not involve any transfer of assets or liabilities. The transfer of the Thai IT Consumer Business to the Target Thai Company will primarily involve the transfer of employees that are involved in the Thai IT Consumer Business and certain business contracts. Accordingly, the total assets and net assets of the Sale Business for FY2022 and 1H2023 do not take into account total assets and net assets pertaining to the Thai IT Consumer Business.

In addition, the Sale Business is distinct from that of the Group and there is no overlap in customers or management between the Sale Business and the Group's remaining business. Accordingly, it is not envisaged that the Proposed Disposal will result in any material impact to the Group's principal business, scale of operations, financial performance and condition. Post completion of the Proposed Disposal, as the Purchaser will be treated as a subsidiary of the Company, the financial performance of the Sale Business will be consolidated into the Group's financial performance.

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From a broader perspective, over a longer term, the global and regional semiconductor and technology industry sales are projected to grow continuously and sustainably due to the increasing demand for semiconductor products. Therefore, the Group's remaining business is reasonably expected to continue to be viable and profitable.

Therefore, the Proposed Disposal and correspondingly, the injection of the Sale Business into the Purchaser via the Reverse Takeover will not result in any material change to the nature of the Group's business or the Company's risk profile.

(d) More reflective and accurate valuation with continued benefit from any potential upside in the Sale Business

The Reverse Takeover will bring about a more reflective and accurate valuation of the Group's remaining business and the Sale Business. As a single-listed group, the financial institutions view the Group (comprising the Sale Business and the Group's remaining business) as one entity, notwithstanding their clearly distinct businesses and assets. Therefore, separating the Sale Business from the Group will enable Shareholders and potential investors to evaluate the Sale Business and the Group's remaining business independently based on their respective performance and growth potential. This will allow for market valuations that are more reflective of the underlying value and growth potential of the Group's remaining business and the Sale Business. As such, Shareholders and new investors will benefit from the flexibility to invest in the shares of either or both listed entities, in accordance with their personal preferences and risk appetites.

As the Proposed Disposal results in a reverse takeover, the Group, as the controlling shareholder of the Purchaser with an expected aggregate shareholding interest of approximately 73.3% immediately after the completion of the Proposed Purchaser Share Consolidation, the Proposed Share Issuance Transactions and the Proposed Compliance Placement, will continue to derive benefit from any potential upside from the Sale Business. Accordingly, Shareholders will continue to benefit from the Sale Business through their indirect shareholding interest via the Company. Shareholders of the Company will also have the flexibility to decide whether to invest directly in the shares of either or both listed entities, in accordance with, *inter alia*, their personal preferences and risk appetites, thereby allowing them more opportunity for diversification of their investments. Further, the Reverse Takeover may also attract new investors in either or both listed entities who are seeking investment opportunities in a more focused business model, thus creating a wider, deeper and more diverse investor base for the Group.

(e) Plans for the Target Thai Company and the Target Group Companies

With more financial resources brought about by the Reverse Takeover, the Target Thai Company plans to expand the Thai IT Consumer Business through working with existing and new suppliers to expand the product offerings and range as well as the increase of new customers. In addition, the Target Group Companies intend to expand into other countries, including Vietnam, Indonesia and Philippines, organically or through strategic alliances and/or acquisitions which they currently do not have a presence.

4.2 Use of Proceeds

The Proposed Disposal will not result in any cash proceeds accruing to the Group. For the avoidance of doubt, "Group" does not include the Target Group Companies for the purpose of Section 4.2 of this Circular.

5. PROPOSED DISPOSAL AS A MAJOR TRANSACTION

- 5.1 Chapter 10 of the Mainboard Rules governs the continuing listing obligations of listed companies in respect of acquisitions and disposals. Under Rule 1014 of the Mainboard Rules, if any of the relative figures computed on the bases set out in Rule 1006 of the Mainboard Rules exceeds 20%, such a transaction is classified as a "major transaction" and requires the approval of shareholders.

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- 5.2 The relative figures in relation to the Proposed Disposal as computed on the bases set out in Rule 1006 of the Mainboard Rules, based on the unaudited consolidated financial statements of the Group for 1H2023 (being the latest announced consolidated financial statements), are as follows:

Table A		
Rule 1006⁽¹⁾	Bases of computation	Relative figures (%)⁽⁵⁾
(a)	NAV ⁽²⁾ attributable to the Sale Business disposed of US\$174,000 compared with the Group's NAV of US\$133,255,000.	0.1
(b)	Net loss ⁽³⁾ attributable to the Sale Business disposed of US\$148,000, compared with the Group's net loss of US\$14,858,000.	1.0
(c)	Aggregate value of the attributable consideration deemed received of S\$4,909,000, compared with the Company's market capitalisation ⁽⁴⁾ of approximately S\$96,014,000.	5.1

Notes:

- Rules 1006(d) and 1006(e) of the Mainboard Rules are not relevant to the Proposed Disposal.
- Under Rule 1002(3)(a) of the Mainboard Rules, "net assets" means total assets less total liabilities.
- Under Rule 1002(3)(b) of the Mainboard Rules, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- Under Rule 1002(5) of the Mainboard Rules, "market capitalisation" of the Company is determined by multiplying 904,841,914 shares in issue by the volume weighted average price of such shares transacted on 1 September 2022, being the Market Day immediately preceding the date of the SPA, of S\$0.1061 per share.
- The Group's shareholding interests of 18.18% attributable to the disposal of the Sale Business used in the above computations do not account for the effects of the proposed issuance of the Interco Shares and the Proposed Compliance Placement.

- 5.3 As the Proposed Disposal results in a reverse takeover, which is in substance similar to an acquisition of new ordinary shares in the Purchaser (the "**Proposed Acquisition**"), on the assumption that the Proposed Disposal is a Proposed Acquisition, the relative figures for the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Mainboard Rules, based on the unaudited consolidated financial statements of the Group for 1H2023 (being the latest announced consolidated financial statements) are as follows:

Table B		
Rule 1006⁽¹⁾	Bases of computation	Relative figures (%)
(b)	Net loss attributable to the Consideration Shares to be acquired of US\$753,000, compared with the Group's net loss of US\$14,858,000.	5.1
(c)	Aggregate value of the attributable consideration deemed given of S\$6,000,000 ⁽²⁾ , compared with the Company's market capitalisation as at 1 September 2022 of approximately S\$96,014,000.	6.2

Notes:

- Rules 1006 (a), (d) and (e) of the Mainboard Rules are not relevant to the Proposed Acquisition.
- The aggregate value of the attributable consideration deemed given of S\$6,000,000 comprises the Purchaser Ascribed Value of S\$5,500,000 and the Introducer Fee of S\$500,000.

LETTER TO SHAREHOLDERS

- 5.4 Rule 1007(1) of the Mainboard Rules provides that if any of the relative figures computed pursuant to Rule 1006 of the Mainboard Rules involves a negative figure, the provisions of Chapter 10 of the Mainboard Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1, or if not so provided, at the discretion of the SGX-ST, in which case, issuers should consult the SGX-ST.
- 5.5 As stated in the Announcement, as the relative figure computed pursuant to Rule 1006(b) based on the financial statements of the Group for the six-month period ended 30 June 2022 was a negative figure, the Company has consulted the SGX-ST, in accordance with Rule 1007(1) of the Mainboard Rules, on whether shareholders' approval will be required for the Proposed Disposal. The SGX-ST has confirmed that Rule 1014 of the Mainboard Rules is applicable to the Proposed Disposal. Accordingly, under Rule 1014(2) of the Mainboard Rules, the Proposed Disposal is subject to and conditional upon the approval of the Shareholders and the Directors of the Company propose to convene the EGM to seek the same.

6. INDEPENDENT VALUATION

- 6.1 The Purchaser has commissioned AVA Associates Limited (the "**Valuer**") as the independent valuer to undertake an independent business valuation to determine the market value of the Sale Shares as at 30 June 2023 (the "**Independent Valuation**").
- 6.2 The Valuer is based in Hong Kong and Singapore and has been providing independent valuation services to clients in Asia since 2008. The Valuer provides transaction-based advisory services, primarily focusing on independent valuation services to assist their clients to comply with internal and external requirements. The Valuer's team, made up of qualified professionals in their respective fields, has the expertise covering various classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.
- 6.3 The Valuer is currently involved in various types of valuation projects, relating to business interests, intangible assets and tangible assets, for listed and private companies in Singapore. Its work has been used and relied on, by various professional parties, for purposes such as acquisition, disposal, financial reporting and internal reference.
- 6.4 Based on the business valuation report dated 26 December 2023 issued by the Valuer and addressed to the Company (the "**Business Valuation Report**"), the market value of the Sale Shares ascribed by the Independent Valuation is S\$27,200,000 as at 30 June 2023. As per the Business Valuation Report, the Valuer had estimated the market value of the Sale Shares on the premise of a going concern, where the business of the Target Company and the Target Thai Company will continue running normally using their respective assets to produce income, and in their current state as private entities. The market value of the Target Company and the Target Thai Company have been estimated individually by applying the income approach which is primarily based on a discounted cash flow analysis of each set of financial projections. The basis for selecting the income approach was due to the availability of relevant data, specifically the historical operating records, development plans and financial projections provided by the Company, while the market approach was not deemed appropriate due to the lack of comparable market transactions and prices. The cost approach was also deemed inappropriate, as the revaluation of the existing assets and liabilities of the company under the cost approach does not take into account intangible assets of the company which are critical to the business model of a distributor but not reflected on its balance sheet. Examples of such intangible assets include distribution agreements, customer and supplier network, and assembled workforce.
- 6.5 Please refer to **Appendix B** to this Circular titled "*Business Valuation Report*" for the summary report of the Business Valuation Report. The full text of the Business Valuation Report will be made available for inspection at the principal place of business of the Company during normal business hours for a period of six (6) months from the date of this Circular.

LETTER TO SHAREHOLDERS

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Assumptions

The *pro forma* financial effects of the Proposed Disposal as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Company and the Group following the completion of the Proposed Disposal. The *pro forma* financial effects have been prepared based on audited consolidated financial statements of the Group for FY2022, subject to the following assumptions:

- (a) the financial effects of the Proposed Disposal on the NTA per share of the Company for FY2022 are computed assuming that the Proposed Disposal had been completed on 31 December 2022;
- (b) the financial effects of the Proposed Disposal on the LPS of the Company for FY2022 are computed assuming that the Proposed Disposal had been completed on 1 January 2022; and
- (c) the costs and expenses in connection with the Proposed Disposal are disregarded for the purposes of calculating the financial effects.

7.2 Effect of the Proposed Disposal on the NTA per share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000)	135,584	136,299 ^{(1) (2)}
Number of shares	904,841,914	904,841,914
NTA per share (US\$ cents)	14.98	15.06

Notes:

1. The NTA used in the computation above does not account for the effects of the proposed issuance of the Interco Shares.
2. Notwithstanding that there are assets and liabilities attributable to the Thai IT Consumer Business as part of the business operations of the Existing Thai Company, the transfer of the Thai IT Consumer Business to the Target Thai Company will not involve any transfer of assets or liabilities. The transfer of the Thai IT Consumer Business to the Target Thai Company will primarily involve the transfer of employees that are involved in the Thai IT Consumer Business and certain business contracts.

7.3 Effect of the Proposed Disposal on LPS

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to equity holders of the Company (US\$'000)	(4,624)	(4,930) ^{(1) (2)}
Number of shares ⁽³⁾	904,841,914	904,841,914
LPS (US\$ cents)	(0.51)	(0.54)

Notes:

1. The net loss attributable to equity holders of the Company does not account for the effects of the proposed issuance of the Interco Shares.
2. The net loss attributable to the Proposed Disposal of US\$306,000 arose from US\$496,000, being 81.82% share of the FY2022's net loss of the Purchaser. The net loss is offset by US\$154,000, being the reduction of the Group's 18.18% share of the net loss of the Target Company and US\$36,000, being the reduction of the Group's 8.9% share of the net loss of the Existing Thai Company (Thai IT Consumer Business).
3. The weighted average number of shares in issue during the financial year ended 31 December 2022.

LETTER TO SHAREHOLDERS

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Disposal.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9.1 Directors' Interests

According to the Register of Directors' Shareholdings, as at the Latest Practicable Date, none of the Directors had any interest in the Shares, except as follows:

Name of Director	Number of Shares		Total Interest	
	Direct Interest	Deemed Interest	Number of Shares	%
Derek Goh Bak Heng	365,826,970	171,000 ⁽¹⁾	365,997,970	40.45
Victoria Goh Si Hui	171,000	102,300 ⁽²⁾	273,300	0.03
Tan Lye Heng Paul	350,000	–	350,000	0.04
Ng Cher Yan	150,000	–	150,000	0.02

Notes:

1. Derek Goh Bak Heng is deemed to have an interest in 171,000 shares held by his daughter, Ms. Victoria Goh Si Hui.
2. Victoria Goh Si Hui is deemed to have an interest in 102,300 shares held by her spouse, Mr. Magno Miguel Baskinas Guidote.

9.2 Substantial Shareholders' Interests

According to the Register of Substantial Shareholders, as at the Latest Practicable Date, the Substantial Shareholders of the Company are as follows:

Name of Substantial Shareholder	Number of Shares		Total Interest	
	Direct Interest	Deemed Interest	Number of Shares	%
Derek Goh Bak Heng	365,826,970	171,000 ⁽¹⁾	365,997,970	40.45
Goi Seng Hui	130,988,838	24,862,800 ⁽²⁾	155,851,638	17.22

Notes:

1. Derek Goh Bak Heng is deemed to have an interest in 171,000 shares held by his daughter, Ms. Victoria Goh Si Hui.
2. Goi Seng Hui is deemed to have an interest in 24,862,800 shares held by Tee Yih Jia Food Manufacturing Pte Ltd.

- 9.3 None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholding interests in the Company (if any).

10. DIRECTORS' RECOMMENDATIONS

- 10.1 Having considered and reviewed, amongst other things, the terms of the SPA, the rationale for and the benefit of the Proposed Disposal and all other relevant facts set out in this Circular, the Directors are of the view that the Proposed Disposal is in the interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution relating to the Proposed Disposal as set out in the Notice in the section titled "Notice of Extraordinary General Meeting" of this Circular.

LETTER TO SHAREHOLDERS

10.2 Shareholders should read and consider carefully this Circular in its entirety, in particular the rationale for the Proposed Disposal and the financial effects of the Proposed Disposal, as set out in Sections 4 and 7 of this Circular. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

11. EXTRAORDINARY GENERAL MEETING

The EGM, Notice of which is set out in the section titled “*Notice of Extraordinary General Meeting*” of this Circular, will be held at 8 Ubi View, #05-01, Serial System Building, Singapore 408554, on 27 March 2024 at 2.00 p.m. for the purpose of considering and, if thought fit, passing (with or without any modifications) the ordinary resolution set out in the Notice.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 Shareholders who are unable to attend the EGM and wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form enclosed in this Circular in accordance with the instructions printed thereon as soon as possible and in any event, the Proxy Form must (a) if submitted by post, be deposited at the registered office of the Company at 8 Ubi View, #05-01, Serial System Building, Singapore 408554; or (b) if submitted electronically, be sent via email to the Company at ecomm@serialsystem.com (by enclosing a clear, scanned, completed and signed Proxy Form in PDF), in either case, not later than 72 hours before the time fixed for the EGM, and in default the Proxy Form shall not be treated as valid.

12.2 The completion and sending of the Proxy Form by a Shareholder will not preclude him from attending and voting in person at the EGM in place of his proxy if he wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

12.3 A depositor shall not be regarded as a Shareholder entitled to appoint the chairman of the EGM and to attend, speak and vote thereat on his/her/its behalf unless he/she/it is shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

13. DIRECTORS' RESPONSIBILITY STATEMENT

13.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries (save in respect of information pertaining to the Purchaser), and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

13.2 Where information in this Circular (save for information in respect of the Purchaser) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

14. CONSENTS

- 14.1 WongPartnership LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Disposal. WongPartnership LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to itself in the form and context in which they appear in this Circular. WongPartnership LLP does not make or purport to make any statement in this Circular or any statement upon which a statement in this Circular is based and makes no representation regarding any statement in this Circular and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any persons which is based on, or arises out of any statement, information or opinion included or omitted from this Circular.
- 14.2 AVA Associates Limited, as the Valuer, has given and has not withdrawn its written consent to the issue of this Circular and the inclusion herein of its name, the Business Valuation Report, and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 8 Ubi View, #05-01, Serial System Building, Singapore 408554 during normal business hours from the date hereof up to the later of (a) the date of the EGM and (b) the date falling six (6) months from the date of this Circular:

- (i) the Constitution of the Company;
- (ii) the SPA, the First Amendment Letter and the Second Amendment Letter;
- (iii) the Business Valuation Report; and
- (iv) the letters of consent from WongPartnership LLP and the Valuer referred to in Section 14 of this Circular.

Yours faithfully,
For and on behalf of the Board of Directors of
SERIAL SYSTEM LTD

Derek Goh Bak Heng
Executive Chairman and Group Chief Executive Officer

APPENDIX A – CONDITIONS PRECEDENT

The obligation of the parties to the SPA to complete the Proposed Disposal is subject to the fulfilment on or prior to the Completion Date of the following conditions (collectively, the “**Conditions Precedent**”):

- (a) Extension of time: procurement by the Purchaser of the extension of the deadline beyond 30 September 2022 as imposed by the SGX-ST on the Purchaser for the signing of a sale and purchase agreement and submission of a reverse takeover application, failing which the SPA shall automatically lapse;
- (b) Shareholders’ undertaking: the procurement and delivery by the Purchaser of an irrevocable undertaking to SIFE by 30 September 2022 (in such form and substance reasonably satisfactory to SIFE) signed and delivered by Oon Su Sun and Lin Yueh Hung of RSM Corporate Advisory Pte. Ltd. (the “**Joint Receivers**”), being the joint and several receivers appointed by DBS of the 148,335,700 Purchaser Shares held by Dorr that is the subject of a share charge dated 2 June 2020 between Dorr and DBS (the “**Charged Shares**”). The Joint Receivers’ irrevocable undertakings shall state that the Joint Receivers will vote in favour of all the resolutions at the Purchaser EGM and not to sell or otherwise dispose of the Charged Shares until the conclusion of the Purchaser EGM;
- (c) Appointment of Catalyst Sponsor by the Purchaser: appointment of a Catalyst Sponsor as approved by SIFE;
- (d) Satisfactory due diligence by the Purchaser: the Purchaser being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by the Purchaser and/or its advisers on the Target Group Companies, including without limitation, the title to and the status and condition of any properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations (including management meetings and site visits), records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to the Purchaser (the “**Purchaser’s Due Diligence**”);
- (e) Satisfactory due diligence by SIFE: SIFE being reasonably satisfied with the results of the due diligence (whether legal, financial, contractual, tax or otherwise) to be carried out by SIFE and/or its advisers on the Purchaser and subsidiaries of the Purchaser which are dormant as at the date of the SPA, including (i) Axington Singapore Pte. Ltd.; (ii) Axington Lao Co., Ltd.; (iii) Axcelasia Vietnam Co., Ltd.; and (iv) Audex Governance Sdn. Bhd. (collectively, the “**Purchaser Subsidiaries**”, and collectively with the Purchaser, the “**Purchaser Group**”, to the extent a Purchaser Subsidiary remains a subsidiary of the Purchaser), including without limitation, the title to and the status and condition of any properties (whether movable or immovable), assets (whether tangible or intangible), liabilities, businesses, operations (including management meetings and site visits), records, financial position, accounts, results, tax, legal and corporate structure, and any other information disclosed to SIFE, including the satisfactory settlement of the independent review on the Purchaser which had been carried out of the nature and circumstances relating to the unpaid placement shares and the Purchaser’s announcement dated 18 August 2020 and the satisfactory settlement of the proposed cancellation of 3,750,000 shares held by Kerrigan Medical Supplies Pte. Ltd.;
- (f) Net asset value of the Purchaser Group: the Purchaser Group shall have (i) positive net asset value; or (ii) negative net asset value of no more than S\$250,000 on Completion;
- (g) Rectification: (if applicable) the rectification by SIFE, or the procurement by SIFE of such rectification to the reasonable satisfaction of the Purchaser of all material issues or irregularities uncovered in the Purchaser’s Due Diligence which has an adverse impact of more than 10.0% to the aggregate net asset value, aggregate revenue or total net profit of the Target Group Companies based on the audited financial statements for the financial year ended 31 December 2021;
- (h) Independent Valuation: the Purchaser having obtained at its own cost and expense an independent valuation report in respect of the Independent Valuation and the valuation as ascribed by the Independent Valuation not being less than the Purchase Consideration;

APPENDIX A – CONDITIONS PRECEDENT

- (i) SIC waiver: the SIC having granted SIFE and its concert parties (and not having revoked or repealed such grant) a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for the Purchaser Shares not owned or controlled by SIFE and its concert parties and from having to comply with the requirements of Rule 14 of the Code, subject to (i) any conditions or restrictions that the SIC may impose, Provided That such conditions or restrictions are reasonably acceptable to SIFE and its concert parties; and (ii) the independent shareholders approving at a general meeting of the Purchaser the proposed ordinary resolution of the Purchaser which if passed by the independent shareholders would result in a waiver by the independent shareholders of their right to receive a mandatory general offer from SIFE and parties acting in concert with SIFE in connection with the issue of the Consideration Shares under the Proposed Disposal;
- (j) SGX-ST approval: the approval of SGX-ST and/or any other relevant authorities being obtained by the Purchaser and the Company, where necessary, for the Proposed Disposal upon the terms of the SPA and where such approval is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the parties to the SPA and if required by the SGX-ST and/or any other relevant authorities, such conditions being fulfilled or satisfied on or before Completion, and such approval remaining in full force and effect;
- (k) Purchaser's circular approval: approval in-principle being obtained from the SGX-ST for the circular to be dispatched to the shareholders of the Purchaser in connection with the extraordinary general meeting of the Purchaser ("**Purchaser EGM**") to be convened to approve, *inter alia*, the Proposed Disposal, the issue and allotment of the Consideration Shares and the Whitewash Resolution and the compliance by the Purchaser of all the conditions or restrictions which may be imposed by the SGX-ST in connection thereto;
- (l) Listing approval: approval-in-principle being received from the SGX-ST for the dealing in and quotation for the Consideration Shares and the Introducer Shares (and, if necessary, for the Purchaser Shares to be allotted and issued in connection with the Proposed Compliance Placement) on the Catalist Board, such approval not being revoked, rescinded or cancelled prior to Completion and, where such listing and quotation notice is obtained subject to any conditions or restrictions, such conditions or restrictions being reasonably acceptable to the parties to the SPA;
- (m) Purchaser EGM approval: the Purchaser receiving the following approvals from its shareholders at a Purchaser EGM to be convened, for:
 - (i) the Proposed Disposal;
 - (ii) the allotment and issue of the Consideration Shares to SIFE (or to such nominee as SIFE may direct) and the Introducer Shares;
 - (iii) the Whitewash Resolution;
 - (iv) the Proposed Purchaser Share Consolidation, if necessary;
 - (v) the change of name of the Purchaser to a name which does not include the words "Axington Inc." or any derivative thereof;
 - (vi) proposed appointment of new directors who are nominated by SIFE;
 - (vii) all such other approvals required from the Purchaser's shareholders pursuant to applicable laws and regulations; and
 - (viii) in connection with the SPA and the transactions contemplated therein as may be necessary or agreed between the parties to the SPA in writing;

APPENDIX A – CONDITIONS PRECEDENT

- (n) Target Company and Company board and/or shareholder approval: The Target Company and the Company obtaining such approval(s) from their board of directors and their shareholders, if necessary, in connection with the SPA and the transactions contemplated therein as may be necessary, including for the acquisition of the Sale Shares by the Purchaser;
- (o) No injunction: SIFE and Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened and no governmental authority or court of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award having the effect of making the Proposed Disposal illegal or otherwise prohibiting consummation thereof on or prior to the Completion Date;
- (p) No material breach: there is no material breach by any party to the SPA of the representations, warranties, covenants and indemnities contained in the SPA;
- (q) No material adverse change: there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change, in the business, assets, prospects, financial position or results of operations of the Target Group Companies and the Purchaser Group, save for the fulfilment of Paragraph (y) of **Appendix A**;
- (r) Audit: if required pursuant to applicable laws, regulations or listing rules, the completion of a financial audit on the Target Company conducted by a public accounting firm reasonably accepted to the Purchaser;
- (s) Resumption of trading: the Purchaser Shares remaining listed on the Catalist Board and the Purchaser obtaining the in-principle approval of the SGX-ST for the resumption of trading of the existing Purchaser Shares on the Catalist Board prior to or upon Completion;
- (t) Incorporation of the Target Thai Company: the due incorporation of the Target Thai Company and the Target Thai Company having taken over the Thai IT Consumer Business to the reasonable satisfaction of the Purchaser;
- (u) Service agreements: the receipt by the Purchaser of service agreements duly executed by key members of the management of the Target Company who are currently or will be employed or engaged by the Target Company (the “**Key Management Team**”) with the Purchaser, providing for a minimum employment duration following the Completion of the Proposed Disposal covering at least three (3) financial years. The Key Management Team shall include Mr Kenny Sim Mong Keang (to be appointed as the executive director of the Purchaser pursuant to the Purchaser EGM) and Mr Jason Soh Wei Keong;
- (v) Warranties: each of the warranties and undertakings remaining true in all material respects and not misleading in any material respect at Completion, as if repeated at Completion;
- (w) Change of control: where the terms of any Material Contract (as defined below) to which any Target Group Company is subject contain any restriction or prohibition on the change in the shareholding and/or the boards of directors of any Target Group Company or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA, written approval or consent or written confirmation of the waiver from third parties of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate having been obtained or fulfilled. “Material Contract” means an agreement or arrangement to which any of the Target Group Companies is a party or is bound by and which contributes to more than 10.0% of the aggregate net asset value, aggregate revenue or total net profit of the Target Group Companies;

APPENDIX A – CONDITIONS PRECEDENT

- (x) Third party consents: all other necessary consents and approvals for the SPA and the transactions contemplated therein, if required and applicable, being granted and not withdrawn or revoked by third parties (including without limitation, the Catalist Sponsor, any government body, stock exchange and other relevant authority in any jurisdiction) and if such consents are obtained subject to any condition(s) and where such condition(s) affect any of the parties to the SPA, such condition(s) being acceptable to the party to the SPA concerned and, if such condition(s) are required to be fulfilled before Completion, such condition(s) being fulfilled before Completion;
- (y) Completion of winding up of or disposal of interests in the Purchaser Subsidiaries: the Purchaser having (a) completed the disposal of the whole of its shares or legal or beneficial interest in each of the Purchaser Subsidiaries; or (b) commenced such steps as may be reasonably satisfactory to SIFE to effect a winding-up (including a member's voluntary winding up) or a striking off, of each Purchaser Subsidiary; and
- (z) Completion of disposal of the Target Company subsidiary: the Target Company having completed its disposal of the whole of its shares or legal or beneficial interest in its wholly-owned subsidiary, Straitsmart, on terms reasonably satisfactory to the Purchaser.

APPENDIX B – BUSINESS VALUATION REPORT

AVA Associates Limited

806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

26 December 2023

To
Board of Directors
Serial System Ltd
8 Ubi View #05-01
Serial System Building
Singapore 408554

Dear Sirs,

Pursuant to instructions from Axington Inc. (“**Axington**” or the “**Company**”), AVA Associates Limited (“**AVA**”) has performed a valuation to estimate the equity interest in each of the following companies as at 30 June 2023 (“**Valuation Date**”).

1. 100% equity interest in Achieva Technology Sdn. Bhd. (“**Target Company**”)
2. 49% equity interest in Achieva Digital (Thailand) Company Limited (“**Target Thai Company**”)
(together, the “**Target Group Companies**”)

The purpose of the engagement is to assist the Board of Directors (the “**Board**”) of Axington in their assessment of the value of the Target Group Companies and inclusion in a circular to its shareholders on the proposed acquisition of the Target Group Companies by Axington. No other use, direct or indirect, of our analysis is intended or inferred or shall be relied upon by the Company other than explicitly specified in our engagement letter dated 14 December 2022.

Our report is reproduced here for reference by Serial System Ltd (“**Serial System**”) and inclusion in a circular to shareholders of Serial System on the company’s proposed disposal of the Target Group Companies.

Definition of Value

In estimating the value of the Target Group Companies, our efforts were based on the following premise of value:

Market Value – *“The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”* Such value represents an estimate based on the economic theory of equilibrium price for an asset in a perfect market.

APPENDIX B – BUSINESS VALUATION REPORT

Scope of Work

On 2 September 2022, Axington, listed on the Singapore Exchange Securities Trading Limited (“SGX”), announced that the Company has entered into a conditional sale and purchase agreement with Serial I-Tech (Far East) Pte. Ltd., a wholly-owned subsidiary of Serial System Ltd, in relation to the acquisition of the equity interest in Target Company. Subsequently, Serial System announced on 3 April 2023 that both parties have agreed to amend the sale and purchase agreement to include the 49% interest in Target Thai Company as part of the transaction. The interest in Target Thai Company refers only to the business of operating as a local in-country reseller of consumer and enterprise IT products and computer peripherals in Thailand (the “**Thai Consumer Business**”) of Achieva Technology (Thailand) Company Limited (“**Existing Thai Company**”).

The Target Group Companies engage in the wholesale and distribution of computer components and peripherals, accessories, and other multimedia products in Malaysia and Thailand. It distributes an established and international portfolio of brands such as AMD, Intel, Gigabyte, MSI, AOC, Philips, ViewSonic, ASRock, Apacer, Thermaltake and DynaBook. The group work closely with partner brands to fulfil their distribution needs and provide a one-stop solution for their customers, mainly IT retail store operators and system integrators.

AVA has been engaged by Axington to assist the Company in its preparation of a set of values pertaining to the businesses of the Target Group Companies, in order to facilitate its Board’s assessment of the proposed transaction. Our work consisted of determining the value of the 100% in the Target Group Companies by summing the Market Value of (a) 100% interest in the business of Target Company and (b) 49% interest in the Thai Consumer Business of Existing Thai Company as at Valuation Date.

The value of a 100% interest in each of the companies is derived primarily from a discounted cash flow (“**DCF**”) analysis of the financial projections for the company. The value of the 49% interest in Target Thai Company is then calculated before the summation of the values forms the value of the 100% interest in the Target Group Companies.

Our valuation and report are prepared in accordance with the International Valuation Standards (2020 edition) as published by the International Valuation Standard Committee and requirements as set out in Practice Note1 by Institute of Valuers and Appraisers of Singapore. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Preparation of an information checklist for information gathering;
- Site visits;
- Discussion with the appropriate parties regarding the identified assets, adopted/proposed valuation methodologies, current/proposed operations and historical/forecast financials of each of the companies in the Target Group Companies, as well as its prospects, etc;
- Development of appropriate valuation models pertinent to the exercise;
- Preparation of draft reports for discussion with the Company and Serial System; and
- Submission of the final report for the purpose of this exercise.

APPENDIX B – BUSINESS VALUATION REPORT

Sources of Information

As part of our due diligence, we relied upon documents supplied by Serial System, including, but not limited to, the following:

Target Company

- Unaudited financial statement for the 6-month ended 30 June 2023;
- Audited financial statements for the financial years ended 31 December 2020, 2021 and 2022;
- Breakdown of selected balance sheet items for 2020, 2021 and 2022;
- 5-year financial forecast;
- Distribution agreements;
- Tenancy agreements; and
- Other relevant documentations.

Existing Thai Company

- Unaudited financial statement for the 6-month ended 30 June 2023;
- Unaudited annual financial statement of the Thai Consumer Business for the financial year ended 31 December 2022;
- Audited annual financial statement of Existing Thai Company for the 12-month ended 31 December 2022;
- Breakdown of selected balance sheet items for 2022;
- 5-year financial forecast for the Thai Consumer Business; and
- Other relevant documentations.

We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Target Group Companies, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us are true and accurate. We have, however, made reasonable enquiries and exercised our judgement on the reasonable use of such information and representations (as deemed necessary) provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

Statement of Independence

We confirm that we have no present or contemplated interest in Axington, Serial System and the Target Group Companies, which is the subject of this valuation and are acting independently of all parties.

Valuation Theory

Our approach in valuing the identified asset relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

APPENDIX B – BUSINESS VALUATION REPORT

An overview of the three approaches considered is as follows:

- The Income Approach focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.
- The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Valuation Approach

Valuation of the Equity Interest in the Target Group Companies

We selected the Income Approach to estimate the value of the 100% interest in each of the operating companies in the Target Group Companies. The operating companies, as at Valuation Date, are Target Company and Target Thai Company. Our basis for selecting this approach was due to the availability of relevant data, specifically the historical financial and operating records for each company, as provided by Serial System. Based on this information, we utilized a DCF methodology to estimate the cash that is available, either to invest in new or existing businesses or to distribute, to both equity and debt holders of each company.

The value of the 100% equity interest of each company is derived based on the following formula:

$$\begin{aligned} & \text{Market Value of the Equity Interest} \\ & = \\ & \text{Enterprise Value} - \text{Debt} + \text{Cash} + \text{Non-Operating Assets}/(\text{Liabilities}) \end{aligned}$$

The value of 100% equity interest in Target Company and 49% equity interest in Target Thai Company are then summed up to form the value of the equity interest in the Target Group Companies.

APPENDIX B – BUSINESS VALUATION REPORT

The market approach was not deemed appropriate due to the lack of comparable market transactions and prices. We performed a similar transaction search and found no similar disclosed recent transactions. However, we reviewed the valuation of selected comparable companies to provide a sanity check on the results of our DCF analysis. We were unable to find publicly-traded companies that have the same portfolio of products as the Target Group Companies. While they may not be directly comparable, they can be useful for comparative purposes. Please refer to the list below of comparable companies selected for this valuation that are operating in the same industry as the Target Group Companies.

Listed in Malaysia

- Harvest Miracle Capital Berhad
- Radiant Globaltech Berhad
- SNS Network Technology Berhad
- VSTECs Berhad

Listed in Thailand

- Sky ICT Public Company Limited
- Metro Systems Corporation Public Company Limited
- SVOA Public Company Limited
- Simat Technologies Public Company Limited

Listed in Hong Kong

- Changhong Jiahua Holdings Limited
- S.A.S. Dragon Holdings Limited
- Mobicon Group Limited
- VSTECs Holdings Limited

Listed in South Korea

- PC Direct, Inc.

Listed in Singapore

- Ban Leong Technologies Limited

Listed in Taiwan

- Chander Electronics Corp.
- WPG Holdings Limited
- Synnex Technology International Corporation
- Weikeng Industrial Co., Ltd.
- EDOM Technology Co., Ltd.
- Promate Electronic Co., Ltd.
- Xander International Corp.
- WT Microelectronics Co., Ltd.
- Supreme Electronics Co., Ltd.
(collectively, the “CompCos”)

The cost approach was also deemed inappropriate, as some of the significant assets of this business are the Target Group Companies’ supplier relationships, distribution network and assembled workforce. These would not be properly reflected using a cost approach methodology.

APPENDIX B – BUSINESS VALUATION REPORT

Valuation of the Operating Businesses of the Target Group Companies

In line with our scope of work to derive the value of the Target Group Companies, we chose the DCF methodology as it enables us to view each company with its portfolio of assets as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate free cash flow in the future, based on assumptions provided by the company. Free cash flow to enterprise/firm ("FCFF") is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (equity and debt holders). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future free cash flows that a company will likely generate from its existing business.

The FCFF for each year of the projection period was calculated by adding non-cash expenses, such as depreciation and amortization, interest, deferred rent, and stock option expense, to and deducting incremental investments in working capital, and capital expenditures from the net profit.

The projected free cash flows were discounted to present value at an appropriate rate of return, or "discount rate" that reflects macroeconomic, industry, and firm-specific factors in determining the degree of perceived risk associated with the projected cash flow. The sum of the discounted stream of future free cash flow, together with the value of non-operating assets, reflects the market value of the subject enterprise or portfolio of assets.

In addition to calculating the FCFF throughout the projection period, it is necessary to calculate the terminal value of the subject business which reflects the value of the total capital at the end of the projection period. The terminal value was calculated by applying the Gordon Growth Model, a mathematical simplification to capitalize an earnings stream that is expected to grow at a long-term sustainable rate "g" and discount rate "k" into perpetuity. The formula is as follows:

$$\text{Terminal Value} = \frac{\text{Normalized Free Cash to Equity \& Debt Holders} * (1 + \text{Constant Growth Rate})}{\text{Discount Rate} - \text{Growth Rate}}$$

The discount rate in this exercise is the weighted average cost of capital ("WACC"). It is comprised of a required rate of return on equity plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt in the capital structure of the target business and of comparable public companies whose business operations are similar to those of the target business.

Key Valuation Assumptions

We have assumed the following for the purpose of this exercise:

- In the course of operating the business, it will compose of all necessary assets, both tangible and intangible, to continue operating as it has under its current owners;
- The historical financial statements, while audited by external auditors, have been properly prepared to reflect true financial performance and standing;
- There will be no material change in the existing political, legal, technological, fiscal or economic condition which may adversely affect the development and business of the Target Group Companies; and
- There is no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value;

APPENDIX B – BUSINESS VALUATION REPORT

- The Company will continue to provide the required financial support, in the form of trade credit, financing and bank guarantee, to the Target Group Companies to operate the businesses as going-concern; and
- Serial System will continue to procure and supply products to the Target Group Companies, under existing terms and conditions, through its subsidiaries, Serial Microelectronics Pte Ltd and Serial I-Tech (Far East) Pte Ltd, both of whom have been appointed by the manufacturers as distributors for several countries, including Malaysia and Thailand.

The Target Group Companies has provided us with guidance on historical revenue, expenses, and working capital requirements. We were also provided with a 5-year financial projection for each company, accompanied by assumptions adopted for its forecasted operation. Based on our professional judgement, we have put forth a set of parameters deemed to be reasonable to arrive at a multi-year projection, from January 2023 to December 2027 with the terminal year beginning in 2028, and adopted it for the purpose of this valuation. We discussed the risks of achieving these projections and the overall reasonableness of the parameters used. We considered the impact of each valuation-related parameter individually, and the related impact on our overall valuation conclusions.

Although the information and assumptions used in the cash flow projections are a reasonable basis for valuation purposes, our analysis and use of them do not constitute an examination or compilation of prospective financial information in accordance with established standards.

AVA is unable to provide assurance on the achievability of the results forecasted by each of the Target Group Companies as events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of the management of the Target Group Companies. Except as disclosed in this report, neither AVA, Axington nor the Target Group Companies is aware of other liabilities, including any contingent liabilities or unusual contractual obligations or substantial commitments, which would have a material effect on the value of the Target Group Companies.

Valuation of the Target Group Companies

Our DCF models to derive the value of the Target Group Companies, being a 100% equity interest in the subject, is based on a WACC of 12.0% and a terminal growth rate of 4.0% for Target Company. As for Target Thai Company, the WACC is 12.5% with a terminal growth rate of 4.0% as well.

Enterprise Value (“EV”) is a measure of a company's value or business to its stakeholders, namely debt holders and equity owners. The EV is derived by summing the present value of FCFF over the forecast period and the terminal value. The EV of Target Company and Target Thai Company are calculated to be RM102,131,052 (S\$29,650,386 based on exchange rate of RM3.4445 per S\$) and THB360,913,437 (S\$13,732,564 based on exchange rate of THB26.2816 per S\$) respectively. Exchange rates as at Valuation Date are taken from XE Currency.

As for the 100% value of the equity interest in each company, the following formula is applied to arrive at a value of RM70,061,335 (rounded to S\$20,340,000 based on exchange rate of RM3.4445 per S\$) for Target Company and THB367,242,920 (rounded to S\$14,000,000 based on exchange rate of THB26.2816 per S\$) for Target Thai Company.

$$\begin{aligned} & \text{Market Value of the Equity Interest} \\ & = \\ & \text{Enterprise Value} - \text{Debt} + \text{Excess Cash} + \text{Non-Operating Assets}/(\text{Liabilities}) \end{aligned}$$

APPENDIX B – BUSINESS VALUATION REPORT

Balance sheet items that figured into the formula above, such as cash, borrowings and non-trade debtors/(creditors) are based on their book values as at Valuation Date.

Do note that any deviation from the above key limitations and assumptions may significantly impact the valuation result.

As mentioned, the value of the Target Group Companies is a summation of the value of the equity interest of each company in the Target Group Companies. The table below illustrates the summation of the rounded values in Singapore dollar.

Asset	Market Value (S\$)
100% equity interest in Target Company	20,340,000
49% equity interest in Target Thai Company	6,860,000
Target Group Companies (rounded)	27,200,000

The conclusions of value are based on the accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of AVA and the Target Group Companies.

Users of this valuation report should be mindful that value is time dependent. In estimating the value, AVA has taken into consideration the available information, all known factors and market environment of the subject of valuation as at Valuation Date. The Valuation Date is the specific point in time as of which our opinion of value applies. This fundamental principle forbids the application of hindsight and removes any use of retrospective evidence such as data or information in forming the assessment of value, unless these facts would reasonably have been known or knowable as at Valuation Date. Our valuation is strictly guided by this principle.

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APPENDIX B – BUSINESS VALUATION REPORT

Conclusion of Value

Based on the information provided, our analyses and conclusions of the various approaches, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the value of the 100% interest in the Target Group Companies is reasonably represented as follows.

Asset	Market Value (S\$)
100% equity interest in Target Company	20,340,000
49% equity interest in Target Thai Company	6,860,000
Total equity interest in the Target Group Companies	27,200,000

This is a summary report. A full valuation report is available at the office of Axington.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report and the observations and analyses are intended solely for use by the company and its shareholders, and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to Axington, Serial System and the Target Group Companies.

Respectfully submitted,

AVA Associates Limited

AVA Associates Limited, based in Hong Kong and Singapore, has been providing independent valuation services to clients in Asia since 2008. We provide transaction-based advisory services, primarily focusing on independent valuation services to assist its clients to comply with internal and external requirements. Our valuation team, made up of qualified professionals in their respective fields, has the expertise covering various classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

Valuation - General

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.
3. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of AVA or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company and its financial accounting firm, by any means without the prior written consent and approval of AVA.
4. This appraisal has been made in conformance with the International Valuation Standards issued by the International Valuation Standards Council.
5. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
6. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.
7. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the Singapore Dollar as of that date.
8. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.
9. Full compliance with all applicable federal, state, and local zoning and use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
10. Responsible ownership and competent management are assumed.
11. The value estimate is predicated on the financial structure prevailing as of the date of this analysis.
12. This report may not be included or referred to in any statutory filing or other public document.
13. This is a Summary Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the valuation professional's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the valuation professional's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The valuation professional is not responsible for unauthorized use of this report.

Valuer's Professional Declaration

The following valuers certify, to the best of their knowledge and belief, that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Committee.

Thomas Chua Boon Shyan
Director, CVA, MBA

Jack Li
Reviewer, CFA, MBA

NOTICE OF EXTRAORDINARY GENERAL MEETING

SERIAL SYSTEM LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199202071D)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of Serial System Ltd (the “**Company**”) will be held at 8 Ubi View, #05-01, Serial System Building, Singapore 408554, on Wednesday, 27 March 2024 at 2.00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution which will be proposed as an ordinary resolution.

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular to the shareholders of the Company dated 11 March 2024 (the “**Circular**”).

ORDINARY RESOLUTION:

PROPOSED DISPOSAL

RESOLVED THAT:

- (1) approval be and is hereby given for the disposal by Serial I-Tech (Far East) Pte. Ltd. (“**SIFE**”) of (i) all of the ordinary shares in Achieva Technology Sdn. Bhd. (“**Target Company**”) held by SIFE, representing 100% of the issued and paid-up share capital of the Target Company; and (ii) such number of ordinary shares in Achieva Digital (Thailand) Company Limited (“**Target Thai Company**”), an entity incorporated in Thailand with SIFE holding a 49% shareholding interest, representing 49.0% of the issued and paid-up share capital of the Target Thai Company, further details of which are set out in the Circular dated 11 March 2024 (the “**Proposed Disposal**”); and
- (2) the Directors of the Company or any one of them be and are hereby authorised to take all necessary steps and to negotiate, finalise and enter into all transactions, arrangements and agreements and to execute all such documents (including but not limited to the execution of application forms and transfers) with full and discretionary powers to make or assent to any modifications or amendments thereto in any manner they/he may deem necessary, expedient, incidental or in the interests of the Company and its subsidiaries and associated companies for the purposes of giving effect to this Ordinary Resolution and/or the Proposed Disposal and the transactions contemplated thereunder.

By Order of the Board

Alex Wui Heck Koon
Company Secretary

Singapore
11 March 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (a) This Notice of EGM together with the Proxy Form and the Circular will be published by electronic means on the Company's corporate website at the URL https://serialsystem.com/wp-content/uploads/2024/03/SSL_EGM_Proposed_Disposal_Circular_to_shareholders_2024.pdf and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this Notice of EGM and the Proxy Form will be sent by post to the members of the Company. Printed copies of the Circular will NOT be despatched to the members.

Members who wish to obtain a printed copy of the Circular should send an email to ecomm@serialsystem.com, stating (a) their full name; (b) identification/registration number; (c) current mailing address; (d) contact number; and (e) number of Shares held. A printed copy of the Circular will be mailed to such member(s) within five (5) working days upon receiving such request.

- (b) In view of the guidance note issued by the SGX RegCo, a member may ask question relating to the item on the agenda of the EGM by:-

- (1) submitting question via mail to the Company's registered office at 8 Ubi View, #05-01, Serial System Building, Singapore 408554, or email to ecomm@serialsystem.com in advance of the EGM by 19 March 2024, 2.00 p.m.; or
- (2) live at the EGM.

When submitting the questions, please provide the Company with the following details, for verification purpose:-

- (i) full name;
- (ii) identification/ registration number;
- (iii) current address;
- (iv) contact number; and
- (v) number of Shares held.

Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

Members are encouraged to submit their questions before 19 March 2024, 2.00 p.m., as this will allow the Company sufficient time to address and respond to substantial and relevant questions on or before 22 March 2024, 2.00 p.m. (48 hours prior to the closing date and time for the lodgement of the proxy forms). The responses will be published on (i) the SGXNet; and (ii) the Company's corporate website.

- (c) A member, who is entitled to attend, speak and vote at the EGM and is not a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore), is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy.
- (d) A member which is entitled to attend, speak and vote at the EGM and is a relevant intermediary may appoint more than two (2) proxies to exercise all or any of his rights to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- (e) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (f) A proxy need not be a member of the Company.
- (g) A member can appoint Chairman of the EGM as his/her/its proxy but this is not mandatory.

If a member wishes to appoint the Chairman of the EGM as proxy, such member (whether individual or corporate) must give specific instruction as to voting for, voting against, or abstentions from voting on the resolution in the instrument appointing the Chairman of the EGM as proxy. If no specific direction as to voting or abstentions from voting in respect of the resolution is given in the instrument of proxy, the appointment of the Chairman of the EGM as proxy for the resolution will be treated as invalid.

- (h) The instrument appointing a proxy or proxies must (i) if submitted by post, be deposited at the registered office of the Company at 8 Ubi View, #05-01, Serial System Building, Singapore 408554; or (ii) if submitted electronically, be sent via email to the Company at ecomm@serialsystem.com (by enclosing a clear, scanned, completed and signed Proxy Form in PDF), in either case, not less than 72 hours before the time appointed for holding the meeting, and in default the Proxy Form shall not be treated as valid.
- (i) Investors who hold shares through the CPF Investment Scheme or the SRS:-
 - (i) may vote at the EGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
 - (ii) may appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes,

at least seven (7) working days before the EGM (i.e. by 18 March 2024, 2.00 p.m.).

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of the Company and/or any adjournment thereof, or (b) submitting any question prior to the EGM in accordance with this Notice of EGM, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes: processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and representative(s) appointed for the EGM (including any adjournment thereof); processing of the registration for the purpose of granting access to members to the EGM; addressing substantial and relevant questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions; preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SERIAL SYSTEM LTD
 (Incorporated in the Republic of Singapore)
 (Company Registration Number: 199202071D)

IMPORTANT:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Extraordinary General Meeting and vote.
2. For investors who have used their CPF or SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. CPF and SRS investors should contact their respective CPF Agent Banks and SRS Operators if they have any queries regarding their appointment as proxies. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their votes by 2.00 p.m. on Monday, 18 March 2024.
3. Please read the explanatory notes to the Proxy Form.

**PROXY FORM
 EXTRAORDINARY GENERAL MEETING**

I/We* _____ (Name)

_____ (NRIC/Passport/Co. Registration No.)

of _____ (Address)

being a member/members* of Serial System Ltd (the “**Company**”), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons referred to above, the Chairman of the Extraordinary General Meeting (“**EGM**”) as my/our* proxy/proxies* to attend, speak and vote on my/our* behalf at the EGM of the Company to be held at 8 Ubi View, #05-01, Serial System Building, Singapore 408554, on Wednesday, 27 March 2024 at 2.00 p.m. and at any adjournment thereof.

I/We* have directed my/our* proxy/proxies* to vote for or against the resolution or to abstain from voting on the resolution to be proposed at the EGM as indicated hereunder. If no specified directions as to voting are given, the proxy/proxies* may vote or abstain from voting at his/her/their* discretion as he/she/they* will on any other matters arising at the EGM and at any adjournment thereof.

Please note that where the Chairman of the EGM is appointed as proxy, the proxy appointing the Chairman of the EGM must be directed, i.e. the member must indicate for the resolution whether the Chairman of the EGM is directed to vote “For” or “Against” or “Abstain” from voting. If no specific direction as to voting is given, the appointment of the Chairman of the EGM as proxy for the resolution will be treated as invalid at the EGM and at any adjournment thereof.

Voting would be conducted by poll. Please indicate your vote “For”, “Against” or “Abstain” with a tick [✓] within the box provided below. Alternatively, if you wish to exercise some of your votes “For” or some of your votes “Against” the resolution, and/or to abstain from voting on the resolution, please insert the relevant number of votes in the relevant boxes provided below.

Ordinary Resolution	No. of Votes		
	For	Against	Abstain
To approve the Proposed Disposal			

Dated this _____ day of _____ 2024

Total Number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

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

*Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument of proxy shall be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the EGM. A proxy need not be a member of the Company. Where such member's form of proxy appoints two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. If no such number of shares is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
3. A member who is a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore) is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such relevant intermediary's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. In relation to a relevant intermediary who wishes to appoint more than two (2) proxies, please annex, to the form of proxy, the list(s) of proxies, setting out, in respect of each proxy, the name, address, NRIC/passport number, class of shares and number of shares in relation to which the proxy has been appointed.
4. The instrument appointing a proxy or proxies must (a) if submitted by post, be deposited at the Company's registered office at 8 Ubi View, #05-01, Serial System Building, Singapore 408554; or (b) if submitted electronically, be sent via email to the Company at ecomm@serialsystem.com (by enclosing a clear, scanned, completed and signed Proxy Form in PDF), in either case, not less than 72 hours before the time appointed for the EGM, and in default the Proxy Form shall not be treated as valid.
5. Completion and return of an instrument of proxy by a member will not prevent him/her from attending, speaking and voting at the EGM if he/she so wishes. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the member attends the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or an officer duly authorised.
7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with its constitution and Section 179 of the Companies Act 1967 of Singapore.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by the Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of the EGM dated 11 March 2024.