

**CIRCULAR DATED 26 SEPTEMBER 2022**

**THIS CIRCULAR IS ISSUED BY SILKROAD NICKEL LTD. (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE INDEPENDENT FINANCIAL ADVISER. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt about its contents or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately inform the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular may be accessed on SGXNET or the Company's website at <https://www.silkroadnickel.com/sgx-announcements/>.

The Company has opted for electronic dissemination of this Circular. **Please note that no printed copies of this Circular will be despatched to Shareholders. Only printed copies of the notice regarding the electronic dissemination of this Circular will be despatched to Shareholders.**

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (“**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.



**SILKROAD NICKEL LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200512048E)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**VOLUNTARY CONDITIONAL GENERAL OFFER**

By



**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

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

for and on behalf of

**HOROWITZ CAPITAL LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 202204674C)

to acquire all the Offer Shares

**Independent Financial Adviser to the Independent Directors**



**W CAPITAL MARKETS PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 201813207E)

**SHAREHOLDERS SHOULD NOTE THAT ACCEPTANCES MUST BE RECEIVED BY THE CLOSE OF OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 10 OCTOBER 2022, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.**

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## DEFINITIONS

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

"1HFY2022"	:	The six-month period ended 30 June 2022
"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"Business Day"	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
"Cash Consideration"	:	S\$0.42 in cash
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 26 September 2022 in relation to the Offer, enclosing, <i>inter alia</i> , the IFA Letter
"Closing Date"	:	5.30 p.m. (Singapore time) on 10 October 2022, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
"Code"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"Companies Act"	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
"Company"	:	Silkroad Nickel Ltd.
"Company Securities"	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) and derivatives in respect of any Shares or securities which carry voting rights in the Company
"Concert Group"	:	The parties acting or deemed to be acting in concert with the Offeror
"Conflicted Directors"	:	Has the meaning ascribed to it in <b>Section 11.2</b> of this Circular
"Constitution"	:	The constitution of the Company
"CPF"	:	The Central Provident Fund
"CPFIS"	:	The Central Provident Fund Investment Scheme
"CPFIS Investors"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS

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## DEFINITIONS

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"Directors"	:	The directors of the Company as at the Latest Practicable Date, and " <b>Director</b> " means any one of them
"FAA"	:	The Form of Acceptance and Authorisation for the Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with the CDP
"FAT"	:	The Form of Acceptance and Transfer for the Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with the CDP
"Financial Adviser"	:	PrimePartners Corporate Finance Pte. Ltd., the financial adviser to the Offeror in relation to the Offer
"FY"	:	Financial year ended or ending, as the case may be, 31 December
"FY2019"	:	Financial year ended 31 December 2019
"FY2020"	:	Financial year ended 31 December 2020
"FY2021"	:	Financial year ended 31 December 2021
"Group"	:	The Company and its subsidiaries
"Independent Directors"	:	The Directors who are considered independent for the purposes of the Offer, being Mr Eddy Pratomo, Mr Giang Sovann and Mr Omri Samosir
"Independent Financial Adviser" or "IFA"	:	W Capital Markets Pte. Ltd., the independent financial adviser to the Independent Directors in connection with the Offer
"IFA Letter"	:	Has the meaning ascribed to it in <b>Section 11.1</b> of this Circular
"Interested Person"	:	As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"><li>(a) a director, chief executive officer, or Substantial Shareholder of the company;</li><li>(b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;</li><li>(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;</li></ul>

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## DEFINITIONS

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- (d) any company in which a director, the chief executive officer, or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or
- (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
- "Irrevocable Undertakings"** : The irrevocable undertakings from each of the Undertaking Shareholders to, *inter alia*, accept the Offer in respect of all Shares held by each of them respectively
- "Latest Practicable Date"** : 16 September 2022, being the latest practicable date prior to the printing of this Circular
- "Listing Manual"** : The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time up to the Latest Practicable Date
- "Market Day"** : A day on which the SGX-ST is open for trading of securities
- "Mr Nasser Aljunied"** : Mr Syed Abdel Nasser Bin Syed Hassan Aljunied
- "Notification"** : Has the meaning ascribed to it in **Section 12.2** of this Circular
- "Offer"** : The voluntary conditional general offer made by the Financial Adviser, for and on behalf of the Offeror, on the Offer Announcement Date
- "Offer Announcement"** : The offer announcement made on 29 August 2022 by the Financial Adviser, for and on behalf of the Offeror, of the Offeror's firm intention to undertake the Offer
- "Offer Announcement Date"** : 29 August 2022, being the date of the Offer Announcement
- "Offer Consideration"** : The consideration for each Offer Share, being at the election of the Shareholders, either (a) the Cash Consideration or (b) in lieu of the Cash Consideration, the Securities Consideration
- "Offer Document"** : The offer document dated 12 September 2022, including the FAA and FAT, and any supplemental documents as may be issued by or on behalf of the Offeror from time to time
- "Offer Shares"** : Issued and paid-up ordinary shares in the capital of the Company (excluding treasury Shares), including all the

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## DEFINITIONS

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		Shares owned, controlled or agreed to be acquired by the Concert Group of the Offeror
<b>"Offer Unconditional Date"</b>	:	The date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms
<b>"Offeror"</b>	:	Horowitz Capital Ltd.
<b>"Offeror Securities"</b>	:	Ordinary shares in the capital of the Offeror, equity share capital of the Offeror and other securities which carry substantially the same rights in the Offeror, and convertible securities, warrants, options and derivatives in respect of such shares or securities
<b>"Overseas Shareholders"</b>	:	Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of the CDP
<b>"Register"</b>	:	The register of holders of Shares, as maintained by the Registrar
<b>"Registrar"</b>	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), which is located at 80 Robinson Road #02-00 Singapore 068898
<b>"Relevant Acceptance Forms"</b>	:	The FAA and/or the FAT (as the case may be)
<b>"Relevant Period"</b>	:	The period commencing on 29 May 2022, being the date falling three months prior to the Offer Announcement Date, and ending on the Latest Practicable Date
<b>"Securities Consideration"</b>	:	One new ordinary share in the capital of the Offeror, which the Offeror shall allot and issue at an issue price of S\$0.42 per new ordinary share
<b>"SFA"</b>	:	The Securities and Futures Act 2001 of Singapore
<b>"SGX-ST"</b>	:	The Singapore Exchange Securities Trading Limited
<b>"SGXNET"</b>	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<b>"Shareholders"</b>	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
<b>"Shares"</b>	:	Issued and paid-up ordinary shares in the capital of the Company
<b>"SRS"</b>	:	The Supplementary Retirement Scheme
<b>"SRS Investors"</b>	:	Investors who have purchased Shares using their SRS contributions pursuant to SRS

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## DEFINITIONS

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"Substantial Shareholder"	:	A person who has an interest in not less than 5% of the total number of issued voting Shares
"S\$" and "cents"	:	Singapore dollars and cents respectively, being the currency of Singapore
"Undertaking Shareholders"	:	Far East Mining Pte. Ltd., Michael Anthony Ignatius Hession, Tan Chin Kok Victor, Mohan Veloo s/o Vethiveloo, Luk Wai Hong William, Todd James Morakis, Ghiradello Luigi Fortunato, Wang Ping Hsun Michael, Schillo Valentin Wolf, Then Yu Choong, Shandong Xinhai (Singapore) Pte. Ltd., Colin Ong Lian Jin, Tan Chong Jin, Quek Chin Thean, Tan Hui Yen Evonne, James Sinn Yuk Loh, Christopher W. Heine & Pauline L.B. Chen and John O'Leary
"US\$" or "USD"	:	United States Dollars, being the currency of the United States of America
"%" and "per cent."	:	Per centum or percentage

**Acting in Concert and Associates.** Unless otherwise defined, the expressions "acting in concert" and "associates" shall have the same meanings as ascribed to them respectively in the Code.

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

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

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

**Expressions.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing a single gender shall, where applicable, include any or all genders. References to persons shall, where applicable, include corporations.

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

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

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

**Statutes.** Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted, unless the context otherwise requires. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the

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## DEFINITIONS

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same meaning as ascribed to it under the Companies Act, the Code, the Listing Manual, the SFA or any statutory modification thereof, as the case may be, unless the context otherwise requires.

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

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

**Total Number of Shares and Percentage as at the Latest Practicable Date.** In this Circular, the total number of Shares is a reference to a total of 261,213,792 Shares in issue as at the Latest Practicable Date (excluding treasury Shares) based on a search conducted at the ACRA, unless the context otherwise requires. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 261,213,792 Shares in issue as at the Latest Practicable Date (excluding treasury Shares) based on a search conducted at the ACRA.

**Legal Adviser.** Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the Offer.

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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## INDICATIVE TIMELINE

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Date of despatch of the Offer Document	:	12 September 2022
Date of despatch of this Circular	:	26 September 2022
Closing Date	:	<b>5.30 p.m. (Singapore time) on 10 October 2022</b> or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement of consideration for valid acceptances of the Offer	:	(a) In respect of valid and complete acceptances received on or before the Offer Unconditional Date, within seven Business Days after the Offer Unconditional Date  (b) In respect of valid and complete acceptances received after the Offer Unconditional Date but on or before the Closing Date, within seven Business Days after the date of receipt of each such acceptance

Please refer to Section 2 of Appendix 1 of the Offer Document for further information.

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## LETTER TO SHAREHOLDERS

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### **SILKROAD NICKEL LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 200512048E)

#### **Directors:**

Mr Eddy Pratomo, *Independent Chairman*  
Mr Hong Kah Ing, *Executive Director and Chief Executive Officer*  
Mr Syed Abdel Nasser Bin Syed Hassan Aljunied, *Executive Director*  
Mr Giang Sovann, *Lead Independent Director*  
Mr Omri Samosir, *Independent Director*

#### **Registered Office:**

50 Armenian Street  
Wilmer Place #03-04  
Singapore 179938

26 September 2022

To: Shareholders of the Company

Dear Sir/Madam,

### **VOLUNTARY CONDITIONAL GENERAL OFFER BY THE FINANCIAL ADVISER, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES**

#### **1. INTRODUCTION**

##### **1.1 Offer Announcement**

On 29 August 2022, the Financial Adviser, for and on behalf of the Offeror, announced, *inter alia*, that the Offeror would make a Voluntary Conditional General Offer for the Offer Shares, in accordance with Rule 15 of the Code.

##### **1.2 Offer Document**

Shareholders should by now have received a copy of the Offer Document and the Relevant Acceptance Forms, which set out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out on pages 1 to 4 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer contained in the Offer Document carefully.**

Offer related announcements of the Offeror and the Offer Document are available for download from the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

##### **1.3 Purpose of this Circular**

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors with regard to the Offer.

**Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors on the Offer before deciding on whether to accept or reject the Offer. If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**

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## LETTER TO SHAREHOLDERS

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### 2. THE OFFER

#### 2.1 Terms of the Offer

The Offer is made by the Financial Adviser, for and on behalf of the Offeror, on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out below.

<p><b>"2. THE OFFER</b></p> <p><b>2.1 Offer.</b> <i>Subject to the terms and conditions set out in this Offer Document, for and on behalf of the Offeror, PPCF hereby makes the Offer for all the Offer Shares, in accordance with Section 139 of the SFA and the Code.</i></p> <p><b>2.2 Offer Shares.</b> <i>The Offeror is making the Offer for all of the Offer Shares in issue, including any Offer Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in relation to the Offer.</i></p> <p><b>2.3 Offer Consideration.</b> <i>The consideration for each Offer Share (the "Offer Consideration") will be, at the election of the Shareholders, either:</i></p> <p><b>2.3.1 S\$0.42</b> <i>in cash (the "Cash Consideration"); OR</i></p> <p><b>2.3.2</b> <i>in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror ("New Offeror Share") which the Offeror shall allot and issue at an issue price of S\$0.42 per New Offeror Share (the "Securities Consideration").</i></p> <p><b>Shareholders should carefully consider the risks and restrictions set out in this Offer Document should they wish to elect to receive the Securities Consideration. Shareholders should note that there are risks involved in investing in the New Offeror Shares. Some of these risks are set out in Appendix 4 to this Offer Document.</b></p> <p><b>The New Offeror Shares will not be listed on any securities exchange when allotted and issued on settlement of the Securities Consideration or as at the close of the Offer.</b></p> <p><b>2.4 Election.</b> <i>Each Shareholder:</i></p> <p><b>2.4.1</b> <i>who is holding Offer Shares as a Depositor or in scrip form ("Directly-Held Offer Shares") shall only be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all of its Directly-Held Offer Shares, but not a mixture of both; and</i></p> <p><b>2.4.2</b> <i>who is holding Offer Shares in its capacity as a Depository Agent on behalf of sub-account holder(s) ("Indirectly-Held Offer Shares") shall, in respect of each sub-account holder, be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all the Indirectly-Held Offer Shares held on behalf of such sub-account holder, but not to elect a mixture of both,</i></p> <p><i>(each Shareholder under Section 2.4.1 above and depository agent (for and on behalf of each sub-account holder under Section 2.4.2 above) shall be referred to as an "Electing Party"). If a Shareholder holds both Directly-Held Offer Shares and Indirectly-Held Offer Shares through securities sub-account(s) with Depository</i></p>
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## LETTER TO SHAREHOLDERS

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Agent(s), such Shareholder shall elect to receive either the Cash Consideration or the Securities Consideration (and not a combination of the two) in respect of all of its Directly-Held Offer Shares, and direct the Depository Agent(s) to elect to receive the same form of the Offer Consideration in respect of all of its Indirectly-Held Offer Shares tendered in acceptance of the Offer.

In the event that any Electing Party who has tendered its Offer Shares in acceptance of the Offer:

- (i) does not elect between the Cash Consideration or the Securities Consideration in accordance to Paragraphs 1.1 and/or 1.2 of **Appendix 2** to this Offer Document, whether due to an absence or failure of a valid election;
- (ii) fails to comply with and provide particulars and supporting documents as set out in the KYC Particulars Form or as otherwise may be required to satisfy the anti-money laundering and counter terrorism financing regulations prescribed by The Accounting and Corporate Regulatory Authority of Singapore, at the **same time** as its indication of acceptance of the Offer;
- (iii) holds both Directly-Held Offer Shares and Indirectly-Held Offer Shares through securities sub-account(s) with Depository Agent(s) and does not elect to receive and direct its Depository Agent(s) to elect to receive the same form of the Offer Consideration in respect of all of its Directly-Held Offer Shares and Indirectly-Held Offer Shares respectively, and the Offeror is notified of such occurrence; or
- (iv) maintains an address recorded in the Register and/or the Depository Register (as the case may be) that is not within Singapore and does not provide the Offeror with an address in Singapore for the payment of the Securities Consideration,

such Electing Party will be deemed to have elected to receive the Cash Consideration for all of its Offer Shares tendered in acceptance of the Offer.

Further details of the procedures for the acceptance of the offer are set out in **Appendix 2** to this Offer Document and the Acceptance Forms.

**2.5 No Encumbrances.** The Offer Shares are to be acquired:

- (i) fully paid;
- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.

**2.6 Adjustment for Distributions.** If any Distribution is announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer and the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the record date for the determination of entitlements to such Distribution,

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## LETTER TO SHAREHOLDERS

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*the Offeror reserves the right to reduce the Offer Consideration payable to such Accepting Shareholder by the amount of such Distribution.*

- 2.7 Acceptance Condition.** *The Offer is conditional on the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding 90 per cent. or more of the total number of Shares (excluding any treasury shares) as at the close of the Offer (including any Shares which may be unconditionally issued or delivered pursuant to the valid vesting of awards granted under the Plan, if any, prior to the close of the Offer) (the “Acceptance Condition”).*

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

*Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares amounting to 90 per cent. or more of the maximum potential issued share capital of the Company on the date of such declaration. For this purpose, the “maximum potential issued share capital of the Company” means the total number of Shares which would be in issue (excluding treasury shares), and had all the outstanding Share awards granted under the Plan and any other outstanding instruments convertible into, rights to subscribe for, or options in respect of Shares, if any, been validly vested and released and/or exercised as at the date of such declaration.*

*The Offeror reserves the right to reduce the Acceptance Condition to a level which is more than 50 per cent. of the total number of Shares (as required by Rule 15.1 of the Code), subject to the consent of the SIC. In the event that the SIC consents to an application by the Offeror to reduce the Acceptance Condition, such consent will be subject to (i) the revised Offer remaining open for at least another 14 days from the date of the posting of the written notification of the revision to Shareholders and (ii) Shareholders who have accepted the initial Offer being allowed to withdraw their acceptance within eight days of the date of posting of the written notification of such revision.*

- 2.8 New Offeror Shares.** *The New Offeror Shares to be allotted and issued pursuant to the Securities Consideration will, on issue, be duly authorised, fully paid up and validly allotted and issued, and free from all Encumbrances and ranking pari passu in all respects with all other ordinary shares in the capital of the Offeror (“Offeror Shares”) as at the date of their issue.*

- 2.9 No Options.** *The Company has a share plan known as the “SILKROAD Performance Share Plan” (the “Plan”), which was adopted on 25 June 2020 as a long-term incentive plan for the Executive Directors and employees of Group but no awards have been granted under the Plan as at the Latest Practicable Date. As at the Latest Practicable Date, based on the latest information available to the Offeror, there are no outstanding instruments convertible into, rights to subscribe for, and options or derivatives in respect of, the Shares or securities which carry voting rights in the Company.*

- 2.10 Warranty.** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof (i) fully paid, (ii) free from*

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## LETTER TO SHAREHOLDERS

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*all Encumbrances, and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.*

**2.11 Choices.** Shareholders can, in relation to all or part of their Offer Shares, either:

**2.11.1** *accept the Offer in respect of such Offer Shares in accordance with the procedures set out in **Appendix 2** to this Offer Document; or*

**2.11.2** *take no action and let the Offer lapse in respect of their Offer Shares."*

## 2.2 Duration of the Offer

The duration of the Offer is set out in Section 1 of Appendix 1 of the Offer Document, the extract of which is set out below.

### "1. DURATION OF THE OFFER

**1.1 First Closing Date.** *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 10 October 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.*

**1.2 Subsequent Closing Date(s).** *The Offeror is not obliged to extend the Offer. However, if the Offer is extended and:*

**1.2.1** *is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or*

**1.2.2** *is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders, who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.*

**1.3 Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances.** *In order to give Shareholders who have not accepted the Offer the opportunity to accept the Offer after the Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period (the "**Rule 22.6 Period**") of not less than 14 days after the date on which it would otherwise have closed.*

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

**1.3.1** *the Offeror may not give a Shut-Off Notice in a competitive situation; and*

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## LETTER TO SHAREHOLDERS

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**1.3.2** *the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.*

*If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Paragraph 3.1 of this **Appendix 1**, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later. For the purposes of this Paragraph, a "competitive situation" shall be deemed to arise when either (i) a firm intention to make a competing offer for the Company is announced, whether or not subject to any preconditions or (ii) the SIC determines that a competitive situation has arisen.*

**1.4** **Final Day Rule.** *The Offer (whether revised or not) will not be capable:*

**1.4.1** *of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or*

**1.4.2** *of being kept open after such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,*

*provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent ("**Final Day Rule**").*

*Except with the SIC's consent, all conditions must be fulfilled or the Offer must lapse within 21 days of the first Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later."*

### 2.3 Details of the Offer

The details of the Offer relating to (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer are set out in Sections 2, 3 and 4 of Appendix 1 of the Offer Document, extracts of which are set out below.

#### **"2. SETTLEMENT FOR THE OFFER**

**2.1** **When Settlement of the Offer Consideration is Due.** *Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms and to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with such requirements as may be stated in this Offer Document and the relevant Acceptance Form including, without limitation, (in the case of an Accepting Shareholder holding Offer Shares in scrip form) the receipt by the Offeror of share certificate(s) relating to the Shares tendered by such Accepting Shareholder in acceptance of the Offer and (in the case of a Depositor) the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered by the accepting Depositor in acceptance of the Offer are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time, then pursuant to Rule 30 of the Code, the Cash Consideration or the Securities Consideration (as the case may be) will be despatched to the Accepting Shareholder in accordance with Paragraphs 2.2 and 2.3 of this **Appendix 1** in each case, and as soon as practicable and in any case:*

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**2.1.1** *in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the Offer Unconditional Date, within seven Business Days after that date; or*

**2.1.2** *in respect of acceptances of the Offer which are complete and valid in all respects and are received **after** the Offer Unconditional Date, but on or before the Closing Date, within seven Business Days after the date of such receipt.*

### **2.2 Cash Consideration**

*The Offeror shall pay cash to Accepting Shareholders who elect to (or are deemed to have elected to) and are entitled to receive the Offer Consideration in the form of the Cash Consideration as follows:*

**2.2.1 Accepting Shareholders whose Offer Shares are deposited with CDP.** *The Offeror shall pay each Accepting Shareholder (being a Depositor) by making payment of the Cash Consideration payable to such Accepting Shareholder to CDP. CDP shall:*

- (i) in the case of an Accepting Shareholder (being a Depositor) who has registered for CDP's Direct Crediting Service ("**DCS**"), credit directly the Cash Consideration payable to such Accepting Shareholder in respect of their Offer Shares validly tendered in acceptance of the Offer into their designated bank account for Singapore Dollars on the payment date; and*
- (ii) in the case of an Accepting Shareholder (being a Depositor) who has not registered for CDP's DCS, credit any monies to be paid to such Accepting Shareholder's Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distributions are as defined therein).*

*The Offeror also reserves the right to effect payment of the Cash Consideration to any Accepting Shareholder (being a Depositor) who is deemed to have elected for, and is entitled to receive, the Cash Consideration by the Registrar sending a cheque for the Cash Consideration payable to and made out in favour of such Accepting Shareholder in respect of their Offer Shares validly tendered in acceptance of the Offer to such Accepting Shareholder by ordinary post to their address as appearing in the Depository Register, at the risk of such Accepting Shareholder.*

**2.2.2 Accepting Shareholders whose Offer Shares are not deposited with CDP.** *The Offeror shall pay each Accepting Shareholder (not being a Depositor) by the Registrar sending a cheque for the Cash Consideration payable to and made out in favour of such Accepting Shareholder in respect of their Offer Shares validly tendered in acceptance of the Offer to such Accepting Shareholder (or their designated agents, or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) by ordinary post to his address as appearing in the Register, at the risk of the Accepting Shareholders;*

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**2.2.3** *The despatch of payment to each Accepting Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.*

### **2.3 Securities Consideration**

*The Offeror shall allot and issue New Offeror Shares at an issue price of S\$0.42 per New Offeror Share, credited as fully-paid, on the basis of one New Offeror Share for each Offer Share validly tendered in acceptance of the Offer by each Accepting Shareholder who elects, and is entitled to receive, the Offer Consideration in the form of the Securities Consideration, and the share certificates in respect of such New Offeror Shares ("**Offeror Share Certificates**") will be delivered to the relevant person/entity recorded in the Register or the Depository Register (or in the case of Accepting Shareholders who are Depository Agents, any other person(s) as such Accepting Shareholders may direct in the Sub-Account Holders Form) as follows:*

**2.3.1 Accepting Shareholders whose Offer Shares are deposited with CDP.** *The Offeror shall send the Offeror Share Certificates, in respect of the appropriate number of New Offeror Shares, to each Accepting Shareholder (being a Depositor) by sending the Offeror Share Certificates in respect of their Offer Shares validly tendered in acceptance of the Offer to such Accepting Shareholder (or their designated agents, or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Depository Register, as the case may be) by ordinary post to his address as appearing in the Depository Register (or in the case of Accepting Shareholders who are Depository Agents, the address of any other person(s) as such Depository Agent may direct in the Sub-Account Holders Form), at the risk of such Accepting Shareholder, save that in all cases, no Offeror Share Certificate will be despatched in or into any overseas jurisdiction (please refer to **Section 15** of this Offer Document for more information on arrangements for Overseas Shareholders).*

**2.3.2 Accepting Shareholders whose Offer Shares are not deposited with CDP.** *The Offeror shall send the Offeror Share Certificates to each Accepting Shareholder (not being a Depositor) by sending the Offeror Share Certificates in respect of their Offer Shares validly tendered in acceptance of the Offer to such Accepting Shareholder (or their designated agents, or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) by ordinary post to his address as appearing in the Register at the risk of such Accepting Shareholder, save that in all cases, no Offeror Share Certificate will be despatched in or into any overseas jurisdiction (please refer to **Section 15** of this Offer Document for more information on arrangements for Overseas Shareholders).*

**2.3.3** *The despatch of the Offeror Share Certificates to each Accepting Shareholder's address in accordance with the above (or to such other address in Singapore as may be notified by the Accepting Shareholder to the Offeror in writing) shall discharge the Offeror from any liability in respect of the delivery of such Offeror Share Certificates.*

### **3. ANNOUNCEMENTS IN RELATION TO THE OFFER**

**3.1 Timing and Consents.** *Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the Market Day (the "**Relevant Day**") immediately after the day on which the Offer is due to expire, or the Offer becomes or is declared to be unconditional as*

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## LETTER TO SHAREHOLDERS

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to acceptances, or the Offer is revised or extended, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- 3.1.1 for which valid acceptances of the Offer have been received;
- 3.1.2 held by the Offeror and any persons acting in concert with the Offeror prior to the commencement of the Offer period; and
- 3.1.3 acquired or agreed to be acquired by the Offeror and any persons acting in concert with the Offeror during the Offer period,

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

**3.2 Suspension.** If the Offeror is unable, within the time limit, to comply with any of the requirements of Paragraph 3.1 of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

**3.3 Valid Acceptances for Offer Shares.** Subject to **Section 16.1** of this Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid for the purposes of the Acceptance Condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

**3.4 Announcements.** In this Offer Document, references to the making of any announcement or the giving of a notice by the Offeror include the release of an announcement by PPCF or advertising agents for and on behalf of the Offeror to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

#### **4. RIGHT OF WITHDRAWAL OF ACCEPTANCES**

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

**4.2 Right of Withdrawal of Shareholders.** A Shareholder who has tendered acceptances under the Offer may:

**4.2.1** withdraw his acceptance immediately if the Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in Rule 28.1 of the Code and Paragraph 3.1 of this **Appendix 1** by 3.30 p.m. (Singapore time) on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in Paragraph 3.1 of this **Appendix 1**;

**4.2.2** withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become or is declared to be unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared to be unconditional as to acceptances;

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**4.2.3** *withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such other offer immediately; and*

**4.2.4** *withdraw his acceptance within eight days of written notification from the Offeror of any revision of the Acceptance Condition.*

**4.3** **Procedures for Withdrawal of Acceptances.** *To withdraw his acceptance under the Offer:*

**4.3.1** *a Shareholder holding Offer Shares which **are not deposited with CDP** must give written notice to the Offeror at **Horowitz Capital Ltd. c/o 80 Robinson Road, #11-02, Singapore 068898**; and*

**4.3.2** *a Shareholder holding Offer Shares which **are deposited with CDP** must give written notice to the Offeror at **Horowitz Capital Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984, Singapore 903934**.*

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

## 2.4 Procedures for Acceptance

The procedures for acceptance are set out in Appendix 2 of the Offer Document, extracts of which are set out below.

### "1. THE OFFER

#### 1.1 Depositors

**1.1.1 Depositors whose Securities Accounts are credited with Offer Shares.** *If you have Offer Shares standing to the credit of the "Free Balance" of your Securities Account, you should receive the Notice together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com).*

**1.1.2 Acceptance.** *If you wish to accept the Offer in respect of all or any of your Offer Shares, you should:*

- (i) *complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. **In particular, you must state in ONLY ONE of Box A (being the acceptance box for the Cash Consideration) or Box B (being the acceptance box for the Securities Consideration) in Section C of the FAA or the relevant section in the electronic form of the FAA, the number of***

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Offer Shares in respect of which you wish to accept the Offer. If you:

- (a) **do not specify such number** in any of Box A or Box B in Section C of the FAA, you shall be deemed to have accepted the Offer in respect of **ALL** (and not part) of your Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date), and will be deemed to have elected to receive the **Cash Consideration**;
- (b) specify a number of Offer Shares which is **equal to or does not exceed** the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in both Box A and Box B in Section C of the FAA, you shall be deemed to have accepted the Offer in respect of the **number of Offer Shares inserted in all the completed boxes**, and will be deemed to have elected to receive the **Cash Consideration**;
- (c) specify a number of Offer Shares which **exceeds** the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in both Box A and Box B in Section C of the FAA, you shall be deemed to have accepted the Offer in respect of all your Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date), and will be deemed to have elected to receive the **Cash Consideration**; or
- (d) **check** either Box A or Box B in Section C of the FAA, and insert a number of Offer Shares in Box A or Box B in Section C of the FAA (as the case may be) which **exceeds** the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account, you shall be deemed to have accepted the Offer in respect of all of your Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date);

For the purposes of the FAA, a “**check**” is defined as a “✓” or “X” or such other forms of annotation to be determined by the Offeror in its absolute discretion for the purpose of ascertaining the accepting Depositor’s acceptance intention.

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- (ii) if, at the time of verification by CDP of the FAA on the Date of Receipt, Paragraphs 1.1.2(i)(c) or 1.1.2(i)(d) of this **Appendix 2** above applies and there are outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (the “**Unsettled Buy Position**”), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred into the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. (Singapore time) on the Closing Date (the “**Settled Shares**”), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Section C of the FAA or the relevant section of the electronic form of the FAA which have not yet been accepted pursuant to Paragraphs 1.1.2(i)(c) or 1.1.2(i)(d) of this **Appendix 2** above, or the number of Settled Shares, whichever is less;
- (iii) if you are submitting the FAA in physical form, sign the FAA in accordance with Paragraph 1.1 of this **Appendix 2** and the instructions printed on the FAA;
- (iv) submit the completed FAA (no part of which may be detached or otherwise mutilated):
- (a) by **post**, in the pre-addressed envelope which is enclosed with the FAA, at your own risk, to **Horowitz Capital Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934**; or
- (b) in **electronic form**, via SGX-ST’s Investor Portal at [investors.sgx.com](http://investors.sgx.com) (in respect of individual and joint-alt account holders only).

Depositors who are corporations or joint-and account holders **cannot** submit their FAA in electronic form and should sign the FAA per its/their signing mandate and where appropriate, affix its common seal to the FAA in accordance with its constitution or relevant constitutive documents,

in each case so as to arrive **NOT LATER than 5.30 p.m. (Singapore time) on the Closing Date**. If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address. Settlement of the consideration under the Offer is subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relates are credited to the “Free Balance” of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and submitted in accordance with this Offer Document and the instructions contained in the FAA; and

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- (v) *if you wish to elect to receive the Securities Consideration, you must also submit by email to [Silkroad-offer@sg.tricorglobal.com](mailto:Silkroad-offer@sg.tricorglobal.com), an electronic scanned copy of the duly completed KYC Particulars Form, together with the supporting document(s) which are satisfactory to the Offeror, **at the same time** that you submit your completed FAA, failing which you will be deemed to have elected to receive the Cash Consideration. The last date and time that you can submit the completed FAA and the KYC Particulars Form (together with the supporting document(s)) is 5.30 p.m. (Singapore Time) on the Closing Date.*

*If you have sold or transferred all your Offer Shares held through CDP, you need not forward the Notice and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate FAA to be sent to the purchaser or transferee.*

*If you are a Depository Agent, you may accept the Offer via the Electronic Acceptance. CDP has been authorised by the Offeror to receive acceptances on its behalf. Such acceptances will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and the Offer Document as if the FAA had been completed and delivered to CDP. By submitting an Electronic Acceptance, you confirm and represent to the Offeror that in relation to each sub-account holder in respect of which you exercise such Electronic Acceptance (a) such acceptance has been exercised in respect of all (and not some) of the Offer Shares held by the Depository Agent for such sub-account holder; and (b) such sub-account holder has not elected to receive a combination of the Cash Consideration and the Securities Consideration in respect of the Offer Shares held by such Depository Agent on its behalf. If you wish to elect to receive the Securities Consideration in respect of any of your sub-account holder's Offer Shares, you must, in addition to and at the same time as making the relevant acceptance and election via the Electronic Acceptance provided by CDP, complete and submit by email to [Silkroad-offer@sg.tricorglobal.com](mailto:Silkroad-offer@sg.tricorglobal.com) (i) the Sub-Account Holders Form which will be provided to you by CDP electronically; and (ii) electronic scanned copy(ies) of the duly completed KYC Particulars Form for each of your sub-account holders specified in the Sub-Account Holders Form who wish to elect to receive the Securities Consideration for their Offer Shares held by you, together with the supporting document(s) which are satisfactory to the Offeror, failing which you will be deemed to have elected on behalf of such sub-account holders the Cash Consideration for the relevant Offer Shares. The last date and time that you can submit an Electronic Acceptance, together with the Sub-Account Holders Form and KYC Particulars Form (together with the supporting document(s)) is **5.30 p.m. (Singapore Time) on the Closing Date.***

- 1.1.3 Depositors whose Securities Accounts will be credited with Offer Shares.** *If you have purchased Offer Shares on the SGX-ST, a FAA in respect of such Offer Shares bearing your name and Securities Account number will be sent to you by CDP, and if you wish to accept the Offer in respect of such Offer Shares, you should, after the "Free Balance" of your securities account has been credited with such number of Offer Shares, submit the FAA in accordance with the instructions contained herein. If you do not receive that FAA, you may obtain a copy, upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-*

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ST, from The Central Depository (Pte) Limited, by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services ([asksgx@sgx.com](mailto:asksgx@sgx.com)).

**Acceptance.** If you wish to accept the Offer in respect of all or any of your Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares:

- (i) complete the FAA in accordance with Paragraph 1.1 of this **Appendix 2** and the instructions contained in the FAA; and
- (ii) submit the completed FAA (no part of which may be detached or otherwise mutilated):
  - (a) by **post**, in the pre-addressed envelope which is enclosed with the FAA, at your own risk, to **Horowitz Capital Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or**
  - (b) in **electronic form**, via SGX-ST's Investor Portal at [investors.sgx.com](http://investors.sgx.com) (in respect of individual and joint-alt account holders only).

Depositors who are corporations or joint-and account holders **cannot** submit their FAA in electronic form and should sign the FAA per its/their signing mandate and where appropriate, affix its common seal to the FAA in accordance with its constitution or relevant constitutive documents,

in each case so as to arrive **NOT LATER than 5.30 p.m. (Singapore time) on the Closing Date.** If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address. Settlement of the consideration under the Offer is subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relates are credited to the "Free Balance" of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and submitted in accordance with this Offer Document and the instructions contained in the FAA; and

- (iii) if you wish to elect to receive the Securities Consideration, you must also submit by email to [Silkroad-offer@sg.tricorglobal.com](mailto:Silkroad-offer@sg.tricorglobal.com), an electronic scanned copy of the duly completed KYC Particulars Form together with the FAA, together with the supporting document(s) which are satisfactory to the Offeror, **at the same time** that you submit your completed FAA, failing which you will be deemed to have elected to receive the Cash Consideration. The last date and time that you can submit the completed FAA and the KYC Particulars Form (together with the

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supporting document(s)) is **5.30 p.m. (Singapore Time) on the Closing Date.**

**Rejection.** If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be, credited to the "Free Balance" of your Securities Account (for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, PPCF and CDP accepts any responsibility or liability in relation to such rejections, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by the Date of Receipt or by 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), unless Paragraphs 1.1.2(i)(c) or 1.1.2(i)(d) read together with Paragraph 1.1.2(ii) of this **Appendix 2** apply. If the Unsettled Buy Position does not settle by 5.30 p.m. (Singapore time) on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of the Offeror, PPCF and CDP accepts any responsibility or liability in relation to such rejections, including the consequences thereof.

- 1.1.4 Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the "Free Balance" of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the "Free Balance" of your Securities Account has been credited with such additional number of Offer Shares purchased.
- 1.1.5 FAAs received on Saturday, Sunday and public holidays.** For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.
- 1.1.6 General.** No acknowledgement will be given by CDP for submissions of FAAs. All communications, notices, documents, payments and remittances to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number in your Securities Account: (i) through CDP Online if you have registered for the CDP Internet Access Service or (ii) through the CDP Phone Service using SMS OTP, under the option "To check your securities balance".
- 1.1.7 Blocked Balance.** Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the "Free Balance" of your Securities Account to the "Blocked Balance" of your Securities Account. Such Offer Shares will be held in the "Blocked Balance" until the consideration for such Offer Shares has

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been despatched to you, in the event of the Offer becoming or being declared to be unconditional in all respects in accordance with its terms.

**1.1.8 Broker-Linked Balance.** *If you hold Offer Shares in a Broker-linked Balance and you wish to accept the Offer in respect of such Offer Shares, you must take the relevant steps to transfer such Offer Shares out of the Broker-linked Balance to the "Free Balance" of your Securities Account. The FAA may not be used to accept the Offer in respect of Offer Shares in a Broker-linked Balance. Upon the transfer of Offer Shares to the "Free Balance" of your Securities Account, a FAA in respect of such Offer Shares will be sent to you by CDP, which you may use to accept the Offer in respect of such Offer Shares in the "Free Balance" of your Securities Account.*

**1.1.9 Notification.** *If you have accepted the Offer in accordance with the provisions contained in this **Appendix 2** and the FAA and the Offer becomes or is declared unconditional in all respects in accordance with its terms, upon the Offeror's despatch of the consideration for the Offer Shares in respect of which you have accepted the Offer and have elected to receive the Cash Consideration, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account.*

*Payment of the aggregate Cash Consideration in respect of the Offer Shares validly tendered in acceptance of the Offer will be credited directly into your designated bank account for Singapore Dollars via CDP's DCS as soon as practicable and in any event:*

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared unconditional in all respects in accordance with its terms, within seven Business Days after that date; or*
- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared unconditional in all respects in accordance with its terms, but on or before the Closing Date, within seven Business Days after the date of such receipt.*

*In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distributions are as defined therein).*

*Where you have elected to receive the Securities Consideration and the Securities Consideration is payable to you, share certificate(s) for the appropriate number of New Offeror Shares issued to you will be sent by ordinary mail to your mailing address as recorded with CDP, at your own risk.*

**1.1.10 Return of Offer Shares.** *In the event the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will transfer the aggregate number of Offer Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the "Free Balance" of your Securities Account as soon as possible but in any event not later than 14 days from the withdrawal or lapse of the Offer.*

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## LETTER TO SHAREHOLDERS

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**1.1.11 No Existing Securities Account.** If you do not have any existing Securities Account in your own name at the time of your acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

### 1.2 Holders of Offer Shares in Scip Form

**1.2.1 Shareholders whose Offer Shares are not deposited with CDP.** If you hold Offer Shares in scrip form, you may obtain a copy of the FAT and the KYC Particulars Form, upon production of satisfactory evidence that you are a Shareholder, from the Receiving Agent, at its office located at 80 Robinson Road, #11-02, Singapore 068898. Electronic copies of the FAT may also be obtained on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

**1.2.2 Acceptance.** If you wish to accept the Offer in respect of all or any of your Offer Shares, you should:

- (i) complete page 1 of the FAT in accordance with this Offer Document and the instructions printed on the FAT. **In particular, you must state in ONLY ONE of Box A** (being the acceptance box for the **Cash Consideration**) or **Box B** (being the acceptance box for the Securities Consideration) in **Part A** of the FAT, the number of Offer Shares in respect of which you wish to accept the Offer and **state in Part B of the FAT the share certificate number(s) of the relevant share certificate(s)**. If you:
  - (a) **do not specify such number** in any of Box A or Box B in **Part A** of the FAT, you shall be deemed to have accepted the Offer in respect of **ALL** (and not part) of your Offer Shares represented by the share certificate(s) accompanying the FAT, and will be deemed to have elected to receive the **Cash Consideration**;
  - (b) specify a number of Offer Shares which is **equal to or does not exceed** the number of Offer Shares represented by the share certificate(s) accompanying the FAT in both Box A and Box B in Part A of the FAT, you shall be deemed to have accepted the Offer in respect of the **number of Offer Shares inserted in all the completed boxes**, and will be deemed to have elected to receive the **Cash Consideration**;
  - (c) specify a number of Offer Shares which **exceeds** the number of Offer Shares represented by the share certificate(s) accompanying the FAT in both Box A and Box B in Part A of the FAT, you shall be deemed to have accepted the Offer in respect of **ALL** (and not part) of your Offer Shares represented by the share certificate(s) accompanying the FAT, and will be deemed to have elected to receive the **Cash Consideration**; or
  - (d) **check** either Box A and Box B in **Part A** of the FAT, and insert a number of Offer Shares in Box A or Box B in **Part A** of the FAT (as the case may be) which **exceeds** the number of Offer Shares represented by the share certificate(s) accompanying the FAT, you shall be deemed to have

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## LETTER TO SHAREHOLDERS

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accepted the Offer in respect of **ALL** (and not part) of your Offer Shares represented by the share certificate(s) accompanying the FAT.

For the purposes of the FAT, a “**check**” is defined as a “✓” or “X” or such other forms of annotation to be determined by the Offeror in its absolute discretion for the purpose of ascertaining the accepting Depositor’s acceptance intention.

- (ii) sign the FAT in accordance with Paragraph 1.2 of this **Appendix 2** and the instructions printed on the FAT;
- (iii) deliver:
  - (a) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);
  - (b) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Receiving Agent relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but you do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT;
  - (c) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror, or any person nominated in writing by the Offeror or a person authorised by either); and
  - (d) any other relevant document(s),

either:

- (I) by **hand** to **Horowitz Capital Ltd. c/o Tricor Barbinder Share Registration Services Pte. Ltd. at 80 Robinson Road, #11-02, Singapore 068898**; or
- (II) by **post**, in the pre-addressed envelope which is enclosed with the FAT, at your own risk, to **Horowitz Capital Ltd. c/o Tricor Barbinder Share Registration Services Pte. Ltd. at 80 Robinson Road, #11-02, Singapore 068898**,

**in each case so as to arrive NOT LATER than 5.30 p.m. (Singapore time) on the Closing Date.** If the completed and signed FAT is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAT. It is your responsibility to affix adequate postage on the said envelope. Settlement of the Offer Consideration for such Offer Shares cannot be made until all relevant documents have been properly completed and delivered. Proof of

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## LETTER TO SHAREHOLDERS

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posting is not proof of receipt by the Offeror at the above address;  
and

- (iv) if you wish to elect to receive the Securities Consideration, you must also submit by email to [Silkroad-offer@sg.tricorglobal.com](mailto:Silkroad-offer@sg.tricorglobal.com), an electronic scanned copy of the duly completed KYC Particulars Form together with the FAT, together with the supporting document(s) which are satisfactory to the Offeror, **at the same time** that you have submitted your completed FAT in (iii) of this Paragraph 1.2.2, failing which you will be deemed to have elected to receive the Cash Consideration. The last date and time that you can submit the FAT and the KYC Particulars Form (together with the supporting document(s)) is **5.30 p.m. (Singapore Time) on the Closing Date**.

**1.2.3 No acknowledgements.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other document(s) required will be given by the Offeror, PPCF or the Receiving Agent.

**1.2.4 Risk of Posting.** All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) will be sent by ordinary post to your respective addresses as they appear in the records of the Registrar (or for the purposes of payments only, to such address as may be specified in the FAT) at your sole risk.

**1.2.5 Return of Offer Shares.** In the event that the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you by ordinary post to your relevant address as it appears in the records of the Registrar (or in the case of joint shareholders, to the joint accepting shareholder first-named in the Register) at your own risk as soon as possible but, in any event, not later than 14 days from the withdrawal or lapse of the Offer.

**1.2.6 Acceptances received on Saturday, Sunday or public holiday.** For the avoidance of doubt, FATs received by the Receiving Agent on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.

## 2. GENERAL

**2.1 Disclaimer and Discretion.** The Offeror, PPCF, CDP and/or the Receiving Agent will be authorised and entitled, in their sole and absolute discretion, to reject or treat as valid any acceptances of the Offer through the FAA and/or FAT, as the case may be, which are not entirely in order or which do not comply with the provisions and instructions of this Offer Document and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, or not submitted in its original form, unsigned or invalid, as the case may be, in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the relevant Acceptance Forms are properly completed, executed (where applicable) and submitted in all respects, and submitted with original signature(s) (where applicable), and that all required documents, where applicable, are provided. Any decision to reject or treat as valid any acceptance of the Offer through the FAA and/or FAT, as the case may be, will be final and binding and none of the Offeror, PPCF, CDP and/or the Receiving Agent accepts any

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## LETTER TO SHAREHOLDERS

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responsibility or liability in relation to such a decision, including the consequences thereof. CDP takes no responsibility for any decision made by the Offeror or PPCF.

The Offeror, PPCF, CDP and/or the Receiving Agent each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated in this Offer Document or in the FAA and FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and in the FAA and FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Offeror, PPCF, CDP and/or the Receiving Agent accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

- 2.2 Scripless and Scrip Offer Shares.** If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this **Appendix 2** and the respective Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.
- 2.3 Deposit Time.** If you hold the share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should NOT deposit your share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive). If you deposit your share certificate(s) in respect of the Offer Shares beneficially owned by you with CDP during this period, you may not have your respective Securities Account(s) credited with the relevant number of Offer Shares in time for you to accept the Offer. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in Paragraph 1.2 of this **Appendix 2**.
- 2.4 Correspondences.** All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Register) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Registrar, as the case may be, at the risk of the person entitled thereto (or, for the purposes of payments in relation to Offer Shares held in scrip form only, to such different name and addresses as may be specified by you in the FAT, at your own risk).
- 2.5 Evidence of Title.** Submission of the duly completed FAA (in any manner permitted in the FAA or the electronic form of the FAA) and/or delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, to the Offeror (or its nominee), PPCF, CDP and/or the Receiving Agent, shall be conclusive evidence in favour of the Offeror (or its nominee), PPCF, CDP and/or the Receiving Agent of the right and title of the person submitting and/or signing it, as the case may be, to deal with the same and with the Offer Shares to which it relates. The Offeror, PPCF, CDP and/or the Receiving Agent shall be entitled to assume the accuracy of any information and/or documents submitted together with any FAA and/or FAT, as the case may be, and shall not be required to verify or question the validity of the same.
- 2.6 Loss in Transmission.** The Offeror, PPCF, CDP and/or the Receiving Agent, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.

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## LETTER TO SHAREHOLDERS

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- 2.7 Risk and Delays in relation to Electronic Submission of the FAA.** *If you submit the electronic form of the FAA, you accept the risk of defects or delays caused by failure or interruption of electronic systems, and you agree to hold CDP, the Offeror and/or PPCF harmless against any losses directly or indirectly caused by such failure or interruption of electronic systems.*
- 2.8 Acceptances Irrevocable.** *Your completion, execution and/or submission, as the case may be, of the FAA and/or the FAT shall constitute your irrevocable acceptance of the Offer, on the terms and subject to the conditions contained in this Offer Document and the FAA and/or the FAT. Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.*
- 2.9 Personal Data Privacy.** *By completing, submitting and/or delivering, as the case may be, the FAA, FAT, KYC Particulars Form and/or any information and/or documents submitted therewith, each person (i) consents to the collection, use and disclosure of his personal data by the Registrar/Receiving Agent, Absolute Corporate Solutions Pte. Ltd., Securities Clearing and Computer Services (Pte) Ltd, CDP, the SGX-ST, the Offeror, PPCF and the Company (the "**Specified Persons**") for the purpose of facilitating his acceptance of the Offer, and in order for the Specified Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Specified Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.*
- 2.10 Liability.** *You agree that none of the Offeror, PPCF, CDP and/or the Receiving Agent shall be liable for any action or omission in respect of the FAA, FAT and/or any information and/or documents submitted therewith. You agree to indemnify, hold harmless and at their respective request defend, the Offeror, PPCF, CDP and/or the Receiving Agent and their respective affiliates, directors, officers, employees and agents ("**Indemnified Parties**") against (i) any claim, demand, action or proceeding made or initiated against, and/or (ii) all losses, damages, costs and expenses (including all legal costs and expenses) suffered or incurred by, any of the Indemnified Parties as a result of or in relation to the FAA, FAT and/or any information and/or documents submitted therewith."*

### 2.5 Closing Date

Shareholders should note the Closing date of 5.30 p.m. (Singapore time) on 10 October 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

### 3. INFORMATION ON THE OFFEROR

Section 5 of the Offer Document sets out certain information on the Offeror, extracts of which are set out below. Additional information on the Offeror extracted from Appendix 3 of the Offer Document is set out in **Appendix C** of this Circular.

**"5. INFORMATION ON THE OFFEROR**

- 5.1 The Offeror.** *The Offeror is a company incorporated in Singapore on 10 February 2022 for the purposes of investment holding.*

*As at the Latest Practicable Date, the Offeror has an issued and paid-up share*

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## LETTER TO SHAREHOLDERS

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capital of S\$2 comprising two Offeror Shares, all of which are held by Mr Nasser Aljunied, the sole shareholder of the Offeror as at the Latest Practicable Date.

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

- 5.2 Offeror Shares.** *The Offeror Shares (including the New Offeror Shares) will not be listed on any securities exchange when allotted and issued on settlement of the Securities Consideration or as at the close of the Offer. The rights and privileges attached to the Offeror Shares are set out in the Offeror Constitution. Additional information on the rights and privileges attached to the Offeror Shares are set out in **Appendix 3** to this Offer Document.*
- 5.3 Additional Information.** ***Appendix 3** to this Offer Document sets out additional information on the Offeror.*
- 5.4 Resultant Shareholdings of the Offeror.** *For illustration purposes only, the possible resultant shareholdings of the Offeror immediately following the close of the Offer, assuming certain hypothetical scenarios, are set out in **Appendix 3** to this Offer Document.*
- 5.5 Potential Conversion to Private Company.** *In the event that the number of Shareholders who elect to receive the Securities Consideration will result in the Offeror having not more than 50 shareholders (counting joint holders of Offeror Shares as one person and not counting any person in the employment of the Offeror or its subsidiaries), it is intended that the Offeror will be converted from a public company to a private company, pursuant to and in accordance with the provisions of the Companies Act."*

#### 4. IRREVOCABLE UNDERTAKINGS

Section 7 of the Offer Document sets out certain information relating to the Irrevocable Undertakings received by the Offeror, extracts of which are set out below.

##### "7. IRREVOCABLE UNDERTAKINGS

**7.1 Irrevocable Undertakings.** *Each of FEM and the other Shareholders named in **Part B** of **Appendix 6** to this Offer Document (collectively, the "Undertaking Shareholders") has given an irrevocable undertaking (the "Irrevocable Undertakings") to the Offeror to, inter alia:*

**7.1.1** *tender all the Shares that it holds (directly or indirectly or through a nominee) as at the date of the Irrevocable Undertakings, and any other Shares which it may subsequently acquire (directly or indirectly or through a nominee) after the date of the Irrevocable Undertakings, in acceptance of the Offer by the fifth Business Day after the Despatch Date, in accordance with the procedures prescribed in this Offer Document and the relevant Acceptance Forms; and*

**7.1.2** *elect to receive, in respect of the relevant Undertaking Shareholder's Shares, the form of the Offer Consideration set out in **Part B** of **Appendix 6** to this Offer Document.*

*As at the Latest Practicable Date, the Undertaking Shareholders collectively hold 222,654,139 Shares, representing approximately **85.2 per cent.** of the total number*

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## LETTER TO SHAREHOLDERS

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of Shares. Details of the Shares held by the Undertaking Shareholders as at the Latest Practicable Date are set out in **Part B of Appendix 6** to this Offer Document.

**7.2 Termination.** *The Irrevocable Undertakings will terminate or lapse upon the earlier of:*

- (i) the Offer being withdrawn or lapsing;*
- (ii) the Offeror failing to release the Offer Announcement within five Business Days from the date of the Irrevocable Undertakings or such other date as may be extended by mutual written agreement of the Offeror (on the one hand) and the relevant Undertaking Shareholder (on the other hand), subject to the requirements of the Code; and*
- (iii) the Offer not being formally made by the Offeror (by the dissemination of the Offer Document) within the time period prescribed under the Code (or such later date as the SIC may permit).*

**7.3 No Undertakings.** *As at the Latest Practicable Date, save for the Irrevocable Undertakings, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Offer.*

**7.4 Other Information.** *It should be noted that PPCF and the Offeror have received a letter from a law firm acting on behalf of certain individuals, purporting that 18,000,000 Shares held by Mr Hong Kah Ing, either directly or through FEM, are the subject of a legal dispute between Mr Hong Kah Ing and such individuals, and that they have filed a claim in the High Court of Singapore seeking a transfer of the 18,000,000 Shares to them (the "Suit").*

*Based on publicly available information, the Suit is ongoing, and FEM, which is one of the Undertaking Shareholders, is not a party to the Suit.*

*PPCF and the Offeror will not be taking a position on the Suit. FEM has represented and warranted in its Irrevocable Undertaking that it holds its Shares free from Encumbrances and will have full power and authority to accept and/or procure the acceptance of the Offer in respect of all of its Shares and sale or transfer of the same to the Offeror."*

## 5. RATIONALE FOR THE OFFER

The full text of the rationale of the Offer has been extracted from Section 8 of the Offer Document and set out below.

### **"8. RATIONALE FOR THE OFFER**

#### **8.1 Intention to Delist and Privatise the Company**

*The Offeror intends to make the Offer with a view to delisting and privatising the Company.*

#### **8.2 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity without incurring brokerage costs.**

*The trading volume of the Shares has been low, with an average daily trading volume of approximately 13,000, 10,000, 76,000, 47,000 and 54,000 Shares during the one-*

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month, three-month, six-month, 12-month and 24-month periods prior to and including 26 August 2022<sup>1</sup>, being the Last Trading Day respectively.

The Cash Consideration provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the prevailing market prices, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

- 8.3 Opportunity for Shareholders to realise their investment in the Shares at a premium to market price.** The Cash Consideration represents a premium of approximately 2.4% over the last transacted price of S\$0.410 on 22 August 2022, being the last full day on which the Shares were traded on the SGX-ST prior to the Offer Announcement Date.

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Cash Consideration represents a premium of approximately 4.7%, 5.0% and 1.9% over the VWAP per Share for the one-month, three-month and 24-month periods prior to and including the Last Trading Day<sup>2</sup> respectively.

The Cash Consideration represents a clean cash exit opportunity for Shareholders to realise their investment without incurring brokerage and other trading costs.

- 8.4 Greater Management Flexibility.** The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company.

- 8.5 Reduced Compliance Costs of Maintaining Listing.** In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its current resources on its business operations.

- 8.6 Shareholders have an option to elect to accept the Securities Consideration.** Shareholders will have an option to elect for the Securities Consideration in the form of New Offeror Shares. The New Offeror Shares are in an unlisted company, and Shareholders should carefully consider the risks and restrictions set out in this Offer Document should they wish to elect to receive the Securities Consideration.

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<sup>1</sup> Source: Bloomberg L.P.

<sup>2</sup> Source: Bloomberg L.P.”

## 6. OFFEROR'S INTENTIONS FOR THE COMPANY, COMPULSORY ACQUISITION AND LISTING STATUS

Sections 9, 10 and 11 of the Offer Document sets out the Offeror's intentions for the Company, compulsory acquisition and the listing status of the Company, extracts of which are set out below. Shareholders are advised to read the extracts below carefully and note the Offeror's future plans for the Company.

### "9. OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror intends for the Company to continue its existing business activities and

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## LETTER TO SHAREHOLDERS

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there are currently no plans to (i) introduce any major changes to the business of the Company, (ii) re-deploy any of the fixed assets of the Company or (iii) discontinue the employment of any of the existing employees of the Company or its subsidiaries, other than in the ordinary course of business. The Offeror may consider re-listing the Company on an appropriate securities exchange in the future. However, for the avoidance of doubt, there is currently no firm intention to re-list the Company on any securities exchange. In addition, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Company.

### **10. COMPULSORY ACQUISITION**

**10.1 Compulsory Acquisition Rights.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer or acquires the Shares during the Offer period otherwise than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Despatch Date), the Offeror will be entitled to exercise its right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”).

***In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders, the Offeror intends to exercise such right, and upon such exercise, the Dissenting Shareholders shall receive the Cash Consideration (and not the Securities Consideration) for such Shares acquired by the Offeror. In such event, the Company will become a wholly-owned subsidiary of the Offeror and the Offeror will then proceed to delist the Company from the SGX-ST.***

**10.2 Dissenting Shareholders’ Rights.** In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90 per cent. or more of the total number of Shares, the Dissenting Shareholders have a right to require the Offeror to acquire their Shares at the Offer Consideration. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

### **11. LISTING STATUS OF THE COMPANY**

**11.1 Listing Status of the Company.** Under Rule 723 of Section B of the Catalist Rules, the Company must ensure that at least 10 per cent. of the total number of the Shares (excluding Shares held in treasury) is at all times held by the public.

*Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90 per cent. of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10 per cent. of the total number of issued Shares (excluding Shares held in treasury) are held by at least 200 Shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that if the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the total number of issued Shares (excluding Shares held in treasury), causing the percentage of the total number of issued*

## LETTER TO SHAREHOLDERS

*Shares (excluding Shares held in treasury) held in public hands to fall below 10 per cent., the SGX-ST will suspend trading of the Shares only at the close of the Offer.*

*In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands falls below 10 per cent., the Company must, as soon as practicable, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding Shares held in treasury) in public hands to at least 10 per cent., failing which the Company may be delisted from the SGX-ST.*

**11.2 Intention of the Offeror.** *The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1104 or Rule 1303(1) of the Catalist Rules, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.*

*In addition, the Offeror intends, and hereby reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST, where permitted by, and in accordance with, the relevant requirements of the Catalist Rules and the Code."*

## 7. FINANCIAL ASPECTS OF THE OFFER

Section 12 of the Offer Document sets out certain information on the financial aspects of the Offer, extracts of which are set out below.

### "12. FINANCIAL ASPECTS OF THE OFFER

*Based on the Cash Consideration, the Offer Consideration represents the following premia over or discounts to the historical traded prices of the Shares:*

<b>Description</b>	<b>Benchmark Price (S\$)<sup>(1)(2)</sup></b>	<b>Premium over / (Discount) to Benchmark Price (%)<sup>(3)</sup></b>
<i>Last traded price per Share as quoted on the SGX-ST on 22 August 2022, being the last full day on which the Shares were traded on the SGX-ST prior to the Offer Announcement Date</i>	0.410	2.4
<i>VWAP per Share for the one-month period up to and including the Last Trading Day</i>	0.401	4.7
<i>VWAP per Share for the three-month period up to and including the Last Trading Day</i>	0.400	5.0
<i>VWAP per Share for the six-month period up to and including the Last Trading Day</i>	0.445	(5.6)
<i>VWAP per Share for the 12-month period up to and including the Last Trading Day</i>	0.434	(3.2)

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## LETTER TO SHAREHOLDERS

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VWAP per Share for the 24-month period up to and including the Last Trading Day	0.412	1.9
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**Notes:**

- (1) Based on data extracted from Bloomberg L.P.
- (2) Rounded to the nearest three decimal places.
- (3) For the purposes of the table above, all percentage figures are rounded to the nearest one decimal place."

### 8. DISCLOSURES

Section 14 and Appendix 6 of the Offer Document set out certain information relating to disclosure of interests, extracts of which are set out below.

#### **"14. DISCLOSURE OF SHAREHOLDINGS, DEALINGS AND OTHER ARRANGEMENTS**

**14.1 Holdings of and Dealings in Shares.** As at the Latest Practicable Date, save as disclosed in **Appendix 6** to this Offer Document, none of (i) the Offeror, (ii) its directors, (iii) the parties acting in concert with the Offeror and (iv) the Undertaking Shareholders:

- (i) owns, controls or has agreed to acquire any Company Securities; or
- (ii) has dealt for value in the Company Securities during the Reference Period.

**14.2 Other Arrangements.** Save for the Facility and the arrangements in connection with the Facility (further details of which are set out in Paragraph 7 of **Appendix 3** of this Offer Document, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it has, in respect of any Company Securities:

- (i) granted a security interest to another person, whether through a charge, pledge or otherwise;
- (ii) borrowed from another person (excluding borrowed securities which have been on-lent or sold); or
- (iii) lent to another person.

**14.3 Holdings and Dealings in Offeror Securities.**

**14.3.1** As at the Latest Practicable Date, save as disclosed in **Appendix 3** to this Offer Document, none of the directors of the Offeror and parties acting in concert with the Offeror:

- (i) owns, controls or has agreed to acquire any Offeror Securities; or
- (ii) has dealt for value in any Offeror Securities during the Reference Period; and

**14.3.2** As at the Latest Practicable Date, save as disclosed in Part B of **Appendix 6** to this Offer Document, none of the Undertaking Shareholders:

**LETTER TO SHAREHOLDERS**

- (i) owns, controls or has agreed to acquire any Offeror Securities; or
- (ii) has dealt for value in any Offeror Securities during the Reference Period.

**APPENDIX 6 – DISCLOSURE OF SHAREHOLDINGS, DEALINGS AND OTHER ARRANGEMENTS**

**PART A – OFFEROR AND CONCERT PARTIES**

**1. HOLDINGS OF COMPANY SECURITIES**

As at the Latest Practicable Date, based on the latest information available to the Offeror, the interest in Shares held by the Offeror and parties acting in concert with the Offeror are set out below:

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
1.	FEM	162,318,253	62.1	-	-
2.	Mr Hong Kah Ing <sup>(1)</sup>	-	-	162,318,253	62.1
3.	Mr Nasser Aljunied <sup>(1)</sup>	-	-	162,318,253	62.1
4.	Mr Lester Tay	-	-	-	-
5.	Mr Poon Ming Chun	-	-	-	-
6.	Mr Luk Wai Hong William	2,299,034	0.9	-	-
7.	PPCF	-	-	-	-
8.	The Offeror	-	-	-	-

**Notes:**

- (1) Each of Mr Hong Kah Ing and Mr Nasser Aljunied is deemed to be interested in the 162,318,253 Shares held by FEM, pursuant to the SFA.
- (2) Based on 261,213,792 shares (with no treasury shares) in issue as at the Latest Practicable Date, rounded to the nearest one decimal place.

**PART B – UNDERTAKING SHAREHOLDERS**

**1. DETAILS OF THE UNDERTAKING SHAREHOLDERS AND THE IRREVOCABLE UNDERTAKINGS**

As at the Latest Practicable Date, based on the latest information available to the Offeror, the shareholdings of the Undertaking Shareholders are as set out below:

**Table 1 – Undertaking Shareholders who will elect to receive the Cash Consideration**

**LETTER TO SHAREHOLDERS**

<b>No.</b>	<b>Undertaking Shareholder</b>	<b>No. of Shares held and to be tendered in acceptance of the Offer</b>	<b>Percentage of the total number of Shares (%)<sup>(1)</sup></b>
1.	Michael Anthony Ignatius Hession	9,196,138	3.5
<b>Total</b>		9,196,138	3.5

**Note:**

(1) Based on 261,213,792 Shares (with no treasury shares) in issue as at the Latest Practicable Date, rounded to the nearest one decimal place.

**Table 2 – Undertaking Shareholders who will elect to receive the Securities Consideration**

<b>No.</b>	<b>Undertaking Shareholder</b>	<b>No. of Shares held and to be tendered in acceptance of the Offer</b>	<b>Percentage of the total number of Shares (%)<sup>(1)</sup></b>
1.	FEM	162,318,253	62.1
2.	Tan Chin Kok Victor	1,324,244	0.5
3.	Mohan Veloo s/o Vethiveloo	2,838,214	1.1
4.	Luk Wai Hong William	2,299,034	0.9
5.	Todd James Morakis	3,448,552	1.3
6.	Ghirardello Luigi Fortunato	4,602,297	1.8
7.	Wang Ping Hsun Michael	714,730	0.3
8.	Schillo Valentin Wolf	4,143,665	1.6
9.	Then Yu Choong	1,500,000	0.6
10.	Shandong Xinhai (Singapore) Pte. Ltd.	4,100,000	1.6
11.	Colin Ong Lian Jin	1,477,478	0.6
12.	Tan Chong Jin	4,828,000	1.9
13.	Quek Chin Thean	10,469,390	4.0
14.	Tan Hui Yen Evonne	444,444	0.2
15.	James Sinn Yuk Loh	5,500,000	2.1
16.	Christopher W. Heine & Pauline L.B. Chen	2,200,000	0.8

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## LETTER TO SHAREHOLDERS

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17. John O'Leary	1,249,700	0.5
<b>Total</b>	<b>213,458,001</b>	<b>81.7</b>
<b>Note:</b> (1) Based on 261,213,792 Shares (with no treasury shares) in issue as at the Latest Practicable Date, rounded to the nearest one decimal place."		

### 9. CONFIRMATION OF FINANCIAL RESOURCES

The full text of the confirmation of financial resources by the Financial Adviser as set out in Section 13 of the Offer Document has been extracted and set out below.

**"13. CONFIRMATION OF FINANCIAL RESOURCES**

*PPCF, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full, all acceptances in respect of the Offer on the basis of the Cash Consideration, excluding the consideration payable to the Undertaking Shareholders who have undertaken to elect to receive the Securities Consideration for all their Shares tendered in acceptance of the Offer pursuant to their respective Irrevocable Undertakings (the "Securities Consideration Undertaking Shareholders")."*

### 10. DIRECTORS' INTEREST

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

### 11. ADVICE AND RECOMMENDATIONS

#### 11.1 General

Shareholders should read and carefully consider the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors dated 26 September 2022, which is set out in **Appendix A** of this Circular ("**IFA Letter**"), before deciding whether to accept or reject the Offer.

#### 11.2 Independence of Directors

All of the Independent Directors consider themselves independent for the purposes of making a recommendation on the Offer.

The SIC has on 8 April 2022 ruled that each of Mr Nasser Aljunied and Mr Hong Kah Ing ("**Conflicted Directors**") is exempted from the requirement under Rule 24.1 of the Code to make a recommendation to the Shareholders in respect of the Offer. Each of the Conflicted Directors is also a director of the Offeror, and Mr Nasser Aljunied is also the sole shareholder of the Offeror as at the Latest Practicable Date. Each Conflicted Director therefore faces a conflict of interest in relation to the Offer.

The Conflicted Directors must nevertheless still accept responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

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## LETTER TO SHAREHOLDERS

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### 11.3 Advice of the IFA to the Independent Directors

(a) **IFA**

W Capital Markets Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Offer. Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to accept or reject the Offer. The IFA's advice is set out in its letter dated 26 September 2022, which is set out in **Appendix A** of this Circular.

(b) **Advice of the IFA**

Based on the IFA's evaluation and assessment of the financial terms of the Offer, the IFA has made its recommendation in respect of the Offer as set out in Section 10 of the IFA Letter and reproduced in italics below. The recommendation set out below should be considered and read by Shareholders in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter.

**"10. OUR OPINION AND RECOMMENDATION TO THE INDEPENDENT DIRECTORS**

*In arriving at our recommendation in respect of the Offer to the Independent Directors, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Offer. Accordingly, it is important that this IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

***In determining the fairness of the Offer, we have considered, inter alia, the following pertinent factors:***

- (a) *The EV/TTM EBITDA of the Group (as implied by the Offer Consideration) of 7.4 times is within the range of EV/TTM EBITDA ratios of the Selected Comparable Companies but below the mean and median EV/TTM EBITDA ratios of 10.7 times and 12.8 times respectively;*
- (b) *The EV/Reserves of the Group (as implied by the Offer Consideration) of S\$2.8/tonne is below the range of EV/Reserves of the Selected Comparable Companies of between S\$4.2/tonne and S\$10.6/tonne (excluding outliers);*
- (c) *The Offer Consideration is lower than our estimated range of value of the Shares of between S\$0.623 and S\$0.751, which was arrived at based on the guideline public company method using the market approach of valuation;*
- (d) *In comparison with the issuance of Exchangeable Bonds to GFL (assuming only the issuance of the Exchangeable Bonds to GFL and no exercise of option by GFL to purchase Option Shares), the implied EV/EBITDA was 8.1 times and implied EV/Reserves was S\$2.2/tonne, whereas EV/EBITDA as implied by the Offer Consideration is 7.4 times and EV/Reserve as implied by the Offer Consideration is S\$2.8/tonne; and*
- (e) *The Precedent M&A Transaction which was completed in June 2022 was transacted at an implied EV/EBITDA multiple of 8.9 times.*

*In view of the above considerations, we are of the opinion that the Offer is **NOT FAIR**.*

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## LETTER TO SHAREHOLDERS

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***In determining the reasonableness of the Offer, we have considered, inter alia, the following pertinent factors:***

*Factors for the Offer Consideration:*

- (a) *The Offer Consideration is at a premium of approximately 5.1% and 5.4% to the VWAP of the Shares for the 3-month and 1-month periods prior to the Last Trading Day respectively and the Offer Consideration is at a premium of approximately 2.4% to the closing price of the Shares on the Last Trading Day;*
- (b) *Trading liquidity of the Shares during the 12-month period up to and including the Last Trading Day has been low with an average daily trading volume of between approximately 9,700 Shares and 76,000 Shares representing between 0.010% and 0.077% of the free float of the Company. For the period commencing from 26 August 2021 and ending on the Offer Announcement Date, the Shares were only traded on 139 Market Days out of 252 Market Days. Accordingly, the Cash Consideration provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the prevailing market prices without incurring brokerage and other trading costs;*
- (c) *The EV/TTM EBITDA (trailing twelve-month EBITDA) of the Group (as implied by the Offer Consideration) of 7.4 times is within the range of EV/TTM EBITDA ratios of the Selected Comparable Companies of between 1.4 times and 19.4 times, but below the mean and median EV/TTM EBITDA ratios of 10.7 times and 12.8 times respectively;*
- (d) *The TTM P/E (trailing twelve-month earnings) of the Group (as implied by the Offer Consideration) of 13.0 times is within the range of the TTM P/E ratios of the Selected Comparable Companies of between 1.9 times and 22.0 times (excluding outliers), and above the mean and median TTM P/E ratios of 10.1 times and 9.7 times respectively;*
- (e) *The premium of 5.4% implied by the Offer Consideration over the VWAP of the Shares for the 1-month period prior to the Offer Announcement Date is within the range of the premium for the Precedent Privatisation Transactions of between 3.9% and 133.6%;*
- (f) *The premium of 5.1% implied by the Offer Consideration over the VWAP of the Shares for the 3-month period prior to the Offer Announcement Date is within the range of the (discount)/premium for the Precedent Privatisation Transactions of between (3.4)% and 146.8%;*
- (g) *As set out in the Offer Document, the Offeror and its concert parties hold an aggregate of 63.0% interest in the Shares and has received Irrevocable Undertakings from the Undertaking Shareholders (which includes FEM), holding approximately 85.2% of the total number of Shares in the Company, who will tender all their Shares in acceptance of the Offer. It is therefore highly unlikely that there will be a competing offer from any third party; and*
- (h) *Shareholders have the option to choose between the Cash Consideration (if they wish to exit their investment) and the Securities Consideration (if they wish to remain vested in the privatised Group). Shareholders who wish to elect for the Securities Consideration are advised to also consider and evaluate carefully the "Risk Factors" set out in Appendix 4 to the Offer Document carefully.*

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## LETTER TO SHAREHOLDERS

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*Factors against the Offer Consideration:*

- (a) *The premium of 2.4% implied by the Offer Consideration over the last transacted price of the Shares is below the range of the premium for the Precedent Privatisation Transactions of between 4.4% and 122.9%;*
- (b) *The Offer Consideration is at a discount of approximately 3.2% and 5.5% to the VWAP of the Shares for the 12-month and 6-month periods prior to the Last Trading Day respectively;*
- (c) *The Offer Consideration at S\$0.42 is higher than the highest closing prices of the Shares for the 1-month period up to and including the Last Trading Day, but lower than the highest closing price of the Shares for the 6-month and 12-month periods up to and including the Last Trading Day; and*
- (d) *The discount of 5.5% implied by the Offer Consideration over the VWAP of the Shares for the 6-month period prior to the Offer Announcement Date is below the lowest premia for the Precedent Privatisation Transactions of 10.1%.*

*In view of the above, we are of the opinion that the Offer is **REASONABLE**.*

***Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are NOT FAIR BUT REASONABLE. On balance of the above factors, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer, unless they are able to obtain a price higher than the Offer Consideration on the open market (after taking into account the brokerage and related costs in connection with open market transactions).***

***In addition, minority Shareholders who wish to accept the Offer should elect to receive the Cash Consideration and not the Securities Consideration, unless they are prepared to bear the risk associated with an investment as a minority shareholder of an unlisted privately held company (including those set out in Appendix 4 to the Offer Document)."***

### **11.4 Recommendations of the Independent Directors**

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter, concur with the advice of the IFA in respect of the Offer. Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Offer, unless Shareholders can obtain a price higher than the Offer Consideration in the open market, taking into account the related expenses such as brokerage and trading costs.

### **11.5 No regard to specific objectives**

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

**SHAREHOLDERS ARE ADVISED TO READ THE FULL TEXT OF THE IFA LETTER WHICH IS SET OUT IN APPENDIX A OF THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER.**

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## LETTER TO SHAREHOLDERS

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### 12. OVERSEAS SHAREHOLDERS

#### 12.1 Availability of offer

The availability of the Offer to persons not resident in Singapore, as shown on the Register or in the Depository Register (as the case may be), being the Overseas Shareholders, may be affected by the laws of the relevant overseas jurisdictions.

Overseas Shareholders should refer to Section 15 of the Offer Document, extracts of which are set out below.

#### " 15. OVERSEAS SHAREHOLDERS

**15.1 Overseas Shareholders.** *This Offer Document, the relevant Acceptance Forms and/or any related documents do not constitute an offer to sell or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document, the relevant Acceptance Forms and/or any related documents in any jurisdiction in contravention of applicable law.*

***For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the relevant Acceptance Forms and/or any related documents may not be sent.***

*The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.*

**15.2 Copies of Documents.** *Where there are potential restrictions on sending this Offer Document, the relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and PPCF each reserves the right not to send this Offer Document, the relevant Acceptance Forms and/or any related documents to such overseas jurisdictions. Any affected Overseas Shareholder may nonetheless obtain copies of this Offer Document, the relevant Acceptance Forms and/or any related documents during normal business hours from (i) CDP (if he is a Depositor) by submitting a request to CDP via phone (+65 6535 7511) or email services ([asksgx@sgx.com](mailto:asksgx@sgx.com)) or by post to The Central Depository (Pte) Limited, 11 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138589; or (ii) the office of the Receiving Agent (if he is holding Offer Shares which are not deposited with CDP ("**in scrip form**") at 80 Robinson Road, #11-02, Singapore 068898. Alternatively, an affected Overseas Shareholder may write to CDP (if he is a Depositor) or the Receiving Agent (if he is holding Offer Shares in scrip form) to request for this Offer Document, the relevant Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date. Electronic copies of this Offer Document and the Acceptance Forms may also be obtained from the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).*

**15.3 Overseas Jurisdiction.** *It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the relevant Acceptance Forms and/or any related documents and/or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite*

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## LETTER TO SHAREHOLDERS

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*payments payable in such jurisdictions and the Offeror, PPCF, CDP, the Receiving Agent and/or any other person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, PPCF, CDP, the Receiving Agent and/or any other person acting on its behalf may be required to pay. In (i) requesting for this Offer Document, the relevant Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, PPCF, CDP and/or the Receiving Agent that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.*

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

### 12.2 Copies of Circular

This Circular, as well as the notice to Shareholders informing them that the Company has opted for electronic dissemination of the Circular ("**Notification**"), have not been and will not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, (subject to compliance with applicable laws) download electronic copies of this Circular and the Notification from the website of the SGX-ST at [www.sgx.com](http://www.sgx.com) or the corporate website of the Company at <https://www.silkroadnickel.com/sgx-announcements/>.

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

### 13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 16.2 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, extracts of which are set out below:

**"16.2. Information Pertaining to CPFIS Investors and SRS Investors.** *CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date.*

*Subject to the Offer becoming or being declared unconditional in all respects in*

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## LETTER TO SHAREHOLDERS

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*accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer through appropriate intermediaries will receive the Cash Consideration payable in respect of their Offer Shares in their respective CPF investment accounts and SRS investment accounts."*

### 14. ACTION TO BE TAKEN BY SHAREHOLDERS

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

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

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been electronically disseminated through publication on SGXNET and the Company's corporate website.

### 15. CONSENTS

W Capital Markets Pte. Ltd., named as the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter in **Appendix A** of this Circular and the references to its name in the form and context in which it appears in this Circular.

Baker Tilly TFW LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the independent auditor's report in relation to the audited consolidated financial statements of the Group for FY2021 and the references to its name in the form and context in which it appears in this Circular.

### 16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 50 Armenian Street, Wilmer Place #03-04, Singapore 179938 during normal business hours from the date of this Circular up to and including the date of the Closing Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2019, FY2020 and FY2021, which include the audited consolidated financial statements of the Group for FY2019, FY2020 and FY2021;
- (c) the unaudited financial information of the Group for 1HFY2022 as set out in **Appendix E** of this Circular;
- (d) the IFA Letter as set out in **Appendix A** of this Circular; and
- (e) the letters of consent referred to in **Section 15** of this Circular.

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## LETTER TO SHAREHOLDERS

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### 17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than the IFA Letter, information extracted from the Offer Document and information relating to the Offeror) and confirm after making all reasonable inquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Group in the context of the Offer and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted or reproduced 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 such sources and/or reproduced in this Circular in its proper form and context.

### 18. ADDITIONAL INFORMATION

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

Yours faithfully

Eddy Pratomo  
Independent Chairman  
For and on behalf of the Board of Directors of  
**SILKROAD NICKEL LTD.**

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## APPENDIX A – IFA LETTER

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### W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201813207E)  
65 Chulia Street  
#43-01 OCBC Centre  
Singapore 049513

26 September 2022

The Directors of Silkroad Nickel Ltd. who are deemed independent for the purposes of the Offer (the “**Independent Directors**”)

Mr Eddy Pratomo	Independent Chairman
Mr Giang Sovann	Lead Independent Director
Mr Omri Samosir	Independent Director

Dear Sirs,

### **VOLUNTARY CONDITIONAL GENERAL OFFER BY HOROWITZ CAPITAL LTD. FOR SILKROAD NICKEL LTD.**

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 26 September 2022 (“**Circular**”) issued by Silkroad Nickel Ltd. (the “**Company**”, and together with its subsidiaries (the “**Group**”) shall have the same meanings herein.*

#### **1. INTRODUCTION**

On 29 August 2022 (“**Offer Announcement Date**”), PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”), announced for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional general offer (the “**Offer**”) for all of the issued ordinary shares (“**Shares**”) in the capital of Silkroad Nickel Ltd. (the “**Company**”), other than those already owned, controlled or agreed to be acquired by the Offeror (collectively, the “**Offer Shares**” and each, an “**Offer Share**”).

In connection with the Offer, W Capital Markets Pte. Ltd. (“**W Capital Markets**”) has been appointed by the Company as the Independent Financial Adviser (“**IFA**”) to advise the directors of the Company who are considered to be independent in respect of the Offer (“**Independent Directors**”) and who will be making a recommendation to the Shareholders in relation to the Offer. This letter (“**IFA Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our views and assessment on the financial terms of the Offer and our opinion thereon, and forms part of the Circular to be despatched to Shareholders in relation to the Offer.

#### **2. TERMS OF REFERENCE**

We have been appointed to advise the Independent Directors in relation to the Offer. We have confined our evaluation to the financial terms of the Offer and we are not required to evaluate or comment on the commercial risks and/or merits (if any) of the Offer or the future prospects of the Company, and we have not made such evaluations or comments. Such evaluations or comments, if any, remain the responsibility of the Directors and management (“**Management**”) of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

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We have not been instructed or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Offer. In this regard, we are not addressing the relative merits of the Offer as compared to any alternative transaction previously considered by the Company or which otherwise may have been available to the Company currently or in the future.

In the course of our evaluation, we have held discussions with the Management and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or the professional advisers of the Company, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have relied on the assurance of the Directors (including any who may have delegated detailed supervision of the preparation of the Circular) who jointly and severally accept responsibility for the accuracy of the information given in the Circular (save for (a) this IFA Letter; (b) the information extracted from the Offer Announcement and the Offer Document; and (c) the information relating to the Offeror) and had confirmed that they have taken all reasonable care to ensure that the facts stated in the Circular are accurate and that no material facts in relation to the Company and its subsidiaries in the context of the Offer have been omitted from the Circular. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the reliability of the information.

We have not made any independent appraisal of the assets and liabilities of the Group nor have we evaluated the solvency of the Group. As such, we have relied on the disclosures and representations made by the Company on the values of the assets and liabilities and profitability of the Group and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our views as set out in this IFA Letter are based upon the prevailing market, economic, industry and other conditions (if applicable) as well as information and representations provided to us by the Company and its representatives, as at the Latest Practicable Date (or “LPD”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcement relevant to their consideration of the Offer, which may be released or published by or on behalf of the Company or the Offeror after the Latest Practicable Date.

Our opinion is limited to the fairness and reasonableness, from a financial point of view of the Offer and our terms of reference do not require us to evaluate or comment on the commercial rationale for the Offer, and/or associated risk and merits. We have not received or relied on any financial projections or forecasts in respect of the Company, the Group, or any part or division of any of the foregoing and our terms of reference do not require us to comment or express an opinion on the financial impact or potential impact on current or future financial performance or prospects or earnings potential of the Company and/or the Group arising from the Offer or otherwise (including without limitation any implications or uncertainties arising from the COVID-19 pandemic).

Our terms of reference also do not require us to evaluate or comment on the merits of the statements or opinion stated in any research reports on the Company and/or the Group, including any other reports issued by any other party. We have accordingly not made such evaluation or comments, although we may draw upon their views to the extent deemed necessary or appropriate by us in arriving at our opinion as set out in this IFA Letter.

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In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situation, tax position, risk profile, tax status or positions or particular needs and constraints or other particular circumstances of any Shareholder and do not assume any responsibility for, nor hold ourselves out as advisers to, any person other than the Independent Directors. As each Shareholder would have different investment objectives and profiles, the Independent Directors may wish to advise any Shareholder who may require specific advice in relation to his specific investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other appropriate professional advisers.

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

We have prepared this IFA Letter for the use by the Independent Directors in connection with their consideration of the Offer and their advice and recommendation to the Shareholders in respect thereof. The recommendations made to the Shareholders in relation to the Offer remain the responsibility of the Independent Directors.

**Our opinion in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.**

### 3. THE OFFER

The following paragraphs have been extracted from Section 2 of the Offer Document and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. Shareholders are advised to read the entire Offer Document including the following salient sections, as extracted below and the "Procedures for Acceptance of the Offer" set out in Appendix 2 to the Offer Document carefully.

***2.1 Offer.** Subject to the terms and conditions set out in this Offer Document, for and on behalf of the Offeror, PPCF hereby makes the Offer for all the Offer Shares, in accordance with Section 139 of the SFA and the Code.*

***2.2 Offer Shares.** The Offeror is making the Offer for all of the Offer Shares in issue, including any Offer Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in relation to the Offer.*

***2.3 Offer Consideration.** The consideration for each Offer Share (the "Offer Consideration") will be, at the election of the Shareholders, either:*

***2.3.1 S\$0.42 in cash (the "Cash Consideration"); OR***

***2.3.2 in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror ("New Offeror Share") which the Offeror shall allot and issue at an issue price of S\$0.42 per New Offeror Share (the "Securities Consideration").***

***Shareholders should carefully consider the risks and restrictions set out in this Offer Document should they wish to elect to receive the Securities Consideration. Shareholders should note that there are risks involved in investing in the New Offeror Shares. Some of these risks are set out in Appendix 4 to this Offer Document.***

***The New Offeror Shares will not be listed on any securities exchange when allotted and issued on settlement of the Securities Consideration or as at the close of the Offer.***

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### 2.4 Election. Each Shareholder:

- 2.4.1 who is holding Offer Shares as a Depositor or in scrip form (“**Directly-Held Offer Shares**”) shall only be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all of its Directly-Held Offer Shares, but not a mixture of both; and
- 2.4.2 who is holding Offer Shares in its capacity as a Depository Agent on behalf of sub-account holder(s) (“**Indirectly-Held Offer Shares**”) shall, in respect of each sub-account holder, be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all the Indirectly-Held Offer Shares held on behalf of such sub-account holder, but not to elect a mixture of both,

(each Shareholder under **Section 2.4.1** above and depository agent (for and on behalf of each sub-account holder under **Section 2.4.2** above) shall be referred to as an “**Electing Party**”). If a Shareholder holds both Directly-Held Offer Shares and Indirectly-Held Offer Shares through securities sub-account(s) with Depository Agent(s), such Shareholder shall elect to receive either the Cash Consideration or the Securities Consideration (and not a combination of the two) in respect of all of its Directly-Held Offer Shares, and direct the Depository Agent(s) to elect to receive the same form of the Offer Consideration in respect of all of its Indirectly-Held Offer Shares tendered in acceptance of the Offer.

In the event that any Electing Party who has tendered its Offer Shares in acceptance of the Offer:

- (i) does not elect between the Cash Consideration or the Securities Consideration in accordance to Paragraphs 1.1 and/or 1.2 of Appendix 2 to this Offer Document, whether due to an absence or failure of a valid election;
- (ii) fails to comply with and provide particulars and supporting documents as set out in the KYC Particulars Form or as otherwise may be required to satisfy the anti-money laundering and counter terrorism financing regulations prescribed by The Accounting and Corporate Regulatory Authority of Singapore, at the same time as its indication of acceptance of the Offer;
- (iii) holds both Directly-Held Offer Shares and Indirectly-Held Offer Shares through securities sub-account(s) with Depository Agent(s) and does not elect to receive and direct its Depository Agent(s) to elect to receive the same form of the Offer Consideration in respect of all of its Directly-Held Offer Shares and Indirectly-Held Offer Shares respectively, and the Offeror is notified of such occurrence;
- (iv) maintains an address recorded in the Register and/or the Depository Register (as the case may be) that is not within Singapore and does not provide the Offeror with an address in Singapore for the payment of the Securities Consideration.

Such Electing Party will be deemed to have elected to receive the Cash Consideration for all of its Offer Shares tendered in acceptance of the Offer.”

- “2.7 **Acceptance Condition.** The Offer is conditional on the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding 90 per cent. or more of the total number of Shares (excluding any treasury shares) as at the close of the Offer (including any Shares which may be unconditionally issued or delivered pursuant to the valid vesting of awards granted under the Plan, if any, prior to the close of the Offer) (the “**Acceptance Condition**”).

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

*Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding such number of Shares amounting to 90 per cent. or more of the maximum potential issued share capital of the Company on the date of such declaration. For this purpose, the “maximum potential issued share capital of the Company” means the total number of Shares which would be in issue (excluding treasury shares), and had all the outstanding Share awards granted under the Plan and any other outstanding instruments convertible into, rights to subscribe for, or options in respect of Shares, if any, been validly vested and released and/or exercised as at the date of such declaration.*

*The Offeror reserves the right to reduce the Acceptance Condition to a level which is more than 50 per cent. Of the total number of Shares (as required by Rule 15.1 of the Code), subject to the consent of the SIC. In the event that the SIC consents to an application by the Offeror to reduce the Acceptance Condition, such consent will be subject to (i) the revised Offer remaining open for at least another 14 days from the date of the posting of the written notification of the revision to Shareholders and (ii) Shareholders who have accepted the initial Offer being allowed to withdraw their acceptance within eight days of the date of posting of the written notification of such revision.”*

**“2.11 Choices.** *Shareholders can, in relation to all or part of their Offer Shares, either:*

**2.11.1** *accept the Offer in respect of such Offer Shares in accordance with the procedures set out in **Appendix 2** to this Offer Document; or*

**2.11.2** *take no action and let the Offer lapse in respect of their Offer Shares.”*

#### **4. INFORMATION ON THE OFFEROR**

The following paragraphs have been extracted from Section 5 of the Offer Document and are set out in italics. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. Shareholders are advised to read the entire Offer Document including the following sections, as extracted below and the “Additional Information on the Offeror” set out in Appendix 3 to the Offer Document, carefully.

**“5.1 The Offeror.** *The Offeror is a company incorporated in Singapore on 10 February 2022 for the purposes of investment holding.*

*As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2 comprising two Offeror Shares, all of which are held by Mr Nasser Aljunied, the sole shareholder of the Offeror as at the Latest Practicable Date.*

*As at the Latest Practicable Date, the Offeror does not hold any interest in any of the Shares.*

**5.2 Offeror Shares.** *The Offeror Shares (including the New Offeror Shares) will not be listed on any securities exchange when allotted and issued on settlement of the Securities Consideration or as at the close of the Offer. The rights and privileges attached to the Offeror Shares are set out in the Offeror Constitution. Additional information on the rights and privileges attached to the Offeror Shares are set out in **Appendix 3** to this Offer Document.”*

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### 5. INFORMATION ON THE COMPANY

The Company is incorporated in Singapore and listed on the Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Company and its subsidiaries (collectively, the “**Group**”) owns and carried out nickel ore mining operations in Central Sulawesi, Indonesia, and conducts its mining activities using an open pit mining method, which includes the exploration, planning, transportation and stockpiling, delivery and barging, as well as reclamation and rehabilitation works throughout the mine’s lifetime.

As at the Latest Practicable Date, the directors of the Company and their designations are as follows:

Name of Company Director	Designation
Mr Eddy Pratomo	Independent Chairman
Mr Hong Kah Ing	Executive Director and Chief Executive Officer
Mr Nasser Aljunied	Executive Director
Mr Giang Sovann	Lead Independent Director
Mr Omri Samosir	Independent Director

### 6. IRREVOCABLE UNDERTAKINGS

The Offeror has received an irrevocable undertaking (“**Irrevocable Undertakings**”) from each of Far East Mining Pte. Ltd. and the other Shareholders named in Part B of Appendix 6 to the Offer Document (collectively, the “**Undertaking Shareholders**”). As set out in Section 7.1 of the Offer Document, the Undertaking Shareholders collectively hold 222,654,139 Shares, representing approximately 85.2% of the total number of Shares. Save for the Irrevocable Undertakings, neither the Offeror nor any Relevant Person has received any irrevocable undertaking from any other party to accept or reject the Offer.

### 7. RATIONALE FOR THE OFFER AND THE OFFEROR’S INTENTION FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror’s intention in relation to the Company are set out in Section 8 and Section 9 of the Offer Document respectively. Shareholders are advised to read the entire Offer Document including the following sections, as extracted below, carefully.

The rationale for the Offer is reproduced below for your reference.

#### **“8.1 Intention to Delist and Privatise the Company**

*The Offeror intends to make the Offer with a view to delisting and privatising the Company.*

#### **8.2 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity without incurring brokerage costs.** *The trading volume of the Shares has been low, with an average daily trading volume of approximately 13,000, 10,000, 76,000, 47,000 and 54,000 Shares during the one-month, three-month, six-month, 12-month and 24-month periods prior to and including 26 August 2022, being the last full day on which the Shares were available for trading on the SGX-ST prior to the Announcement Date (the “**Last Trading Day**”) respectively.*

*The Cash Consideration provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the prevailing market prices, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.*

**8.3 Opportunity for Shareholders to realise their investment in the Shares at a premium to market price.** *The Cash Consideration represents a premium of approximately 2.4% over the last transacted price of S\$0.410 on 22 August 2022, being the last full day on which the Shares were traded on the SGX-ST prior to the Announcement Date.*

*When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Cash Consideration represents a premium of approximately 4.7%, 5.0%, and 1.9% over the volume weighted average price (“VWAP”) per Share for the one-month, three-month and 24-month periods prior to and including the Last Trading Day respectively.*

*The Cash Consideration represents a clean cash exit opportunity for Shareholders to realise their investment without incurring brokerage and other trading costs.*

**8.4 Greater Management Flexibility.** *The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company.*

**8.5 Reduced Compliance Costs of Maintaining Listing.** *In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its current resources on its business operations.*

**8.6 Shareholders have an option to elect to accept the Securities Consideration.** *Shareholders will have an option to elect for the Securities Consideration in the form of New Offeror Shares. The New Offeror Shares are in an unlisted company, and Shareholders should carefully consider the risks and restrictions set out in the Offer Document should they wish to elect to receive the Securities Consideration.”*

The Offeror’s intentions for the Company is reproduced below for your reference.

**“9. OFFEROR’S INTENTIONS FOR THE COMPANY**

*The Offeror intends for the Company to continue its existing business activities and there are currently no plans to (i) introduce any major changes to the business of the Company, (ii) re-deploy any of the fixed assets of the Company or (iii) discontinue the employment of any of the existing employees of the Company or its subsidiaries, other than in the ordinary course of business. The Offeror may consider re-listing the Company on an appropriate securities exchange in the future. However, for the avoidance of doubt, there is currently no firm intention to re-list the Company on any securities exchange. In addition, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Company.”*

**8. LISTING STATUS AND COMPULSORY ACQUISITION**

It is the intention of the Offeror to privatise the Company and the Offeror does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1104 or Rule 1303(1) of the Catalist Rules, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

**In the event that the Offeror becomes entitled to exercise its Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders, the Offeror intends to exercise such right, and upon such exercise, the Dissenting Shareholders shall receive the Cash Consideration (and not the Securities Consideration) for such Shares acquired by the Offeror. In such event, the Company will become a**

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**wholly-owned subsidiary of the Offeror and the Offeror will then proceed to delist the Company from the SGX-ST.**

### 9. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In the course of our evaluation of the financial terms of the Offer, we have given due consideration to, *inter alia*, the following key factors which, in our opinion, have a significant bearing on our assessment:

- 9.1 Historical financial performance and position of the Group;
- 9.2 Analysis of the Group's net asset value ("**NAV**") per Share and net tangible asset value ("**NTA**") per Share;
- 9.3 Historical Share price performance and trading liquidity;
- 9.4 Valuation ratios of selected listed companies broadly comparable to the Group;
- 9.5 Estimated range of values of the Shares;
- 9.6 Precedent privatisation transactions in Singapore; and
- 9.7 Other relevant considerations.

#### 9.1 Historical financial performance and position of the Group

A summary of the consolidated statement of profit or loss of the Group for financial years ended 31 December 2019 ("**FY2019**"), 31 December 2020 ("**FY2020**"), 31 December 2021 ("**FY2021**"), and the six-month periods ended 30 June 2021 ("**1H2021**") and 30 June 2022 ("**1H2022**") (collectively, the "**Period Under Review**"), the consolidated statement of financial position for 1H2022 and the consolidated statement of cash flows for FY2021, 1H2021 and 1H2022 are set out below. The following summary financial information should be read in conjunction with the Company's annual reports for FY2019, FY2020, FY2021, and the Company's financial results announcements for 1H2021 and 1H2022, including the notes and commentaries thereto.

##### Consolidated statement of profit or loss

(US\$'000)	FY2019 Audited	FY2020 Audited	FY2021 Audited	1H2021 Unaudited	1H2022 Unaudited
Revenue	15,498	475	26,700	7,764	22,665
Cost of sales	(9,501)	(599)	(15,947)	(5,389)	(11,058)
<b>Gross profit /(loss)</b>	<b>5,997</b>	<b>(124)</b>	<b>10,753</b>	<b>2,375</b>	<b>11,607</b>
Other income	237	212	557	19	13
Administrative expenses	(4,952)	(3,267)	(4,401)	(1,655)	(4,116)
Selling and distribution expenses	-	-	(629)	(37)	(406)
Other expenses	-	-	(1,489)	-	(209)
Finance costs	(361)	(398)	(787)	(197)	(594)
Impairment losses on trade and other receivables	-	(41)	(624)	-	-
<b>Profit /(loss) before tax</b>	<b>921</b>	<b>(3,618)</b>	<b>3,380</b>	<b>505</b>	<b>6,295</b>
Tax expense	(785)	(23)	(1,037)	(12)	(2,125)
<b>Profit /(loss) for the year/period</b>	<b>136</b>	<b>(3,641)</b>	<b>2,343</b>	<b>493</b>	<b>4,170</b>

Source: The Company's annual reports for FY2019, FY2020 and FY2021, and financial results announcement for 1H2021 and 1H2022 released on SGXNET

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### Review of operating results

#### FY2019 vs FY2020

Revenue for FY2020 decreased by approximately US\$15.0 million or 96.9% to approximately US\$0.5 million in FY2020 from approximately US\$15.5 million in FY2019. The decrease was mainly due to a reduction in the quantity of nickel ore sold as a result of lower production levels, as Indonesia's travel ban that was declared in February 2020, as a result of the COVID-19 pandemic, prevented the Chinese workers of the Group's mining contractor from entering Indonesia. As a result, the Group's production activities had to be temporarily suspended in the first quarter of FY2020. Although production activities resumed in April 2020, with the deployment of the Group's Indonesian employees, production was at lower levels as compared to FY2019, due to safety considerations arising from COVID-19.

The cost of goods sold also decreased from approximately US\$9.5 million in FY2019 to approximately US\$0.6 million in FY2020. However, the decrease of approximately US\$8.9 million or 93.7% was a slightly lower rate than the decrease in revenue of 96.9%. This was because of the continuing fixed operating costs being incurred, such as direct labour costs and the depreciation of mining equipment.

The Group recorded a gross loss of approximately US\$0.1 million for FY2020 compared to a gross profit of US\$6.0 million for FY2019.

Administrative expenses decreased by approximately US\$1.7 million, from approximately US\$5.0 million in FY2019 to approximately US\$3.3 million in FY2020. This was mainly due to various cost management efforts such as lower overseas travelling expenses, agency fees, staff costs and employee benefits, professional fees, lower value-added tax expenses, and depreciation of right-of-use assets. However, these were partly offset by increases in net foreign exchange loss and loss on disposal of equipment.

Finance expenses increased by approximately 10.2% from approximately US\$0.36 million in FY2019 to approximately US\$0.40 million in FY2020 mainly due to the interest incurred on the new borrowings obtained after FY2019.

As a result of the above, the Group recorded a loss after tax of approximately US\$3.6 million for FY2020 as compared to a profit after tax of approximately US\$0.1 million for FY2019.

#### FY2020 vs FY2021

The Group recorded a revenue of approximately US\$26.7 million in FY2021 from the sale of nickel ore, which was a significant increase as compared to the revenue of approximately US\$0.5 million recorded in FY2020. This was mainly due to an increase in sale of nickel ore from 26,174 metric tonnes in FY2020 to 698,558 metric tonnes of nickel ore in FY2021. In addition, the average selling price of nickel ore in FY2021 was higher based on the Indonesian Government's benchmark pricing as compared to FY2020. The Group also completed a one-off US\$1.9 million sale of nickel pig iron to a customer in FY2021. There was no such sale of nickel pig iron in FY2020.

The Group's total cost of goods sold increased by approximately US\$15.3 million, from approximately US\$0.6 million in FY2020 to approximately US\$15.9 million in FY2021, mainly due to the increase in sale of nickel ore and nickel pig iron in FY2021, as compared to FY2020.

As a result of the above, gross profit increased by approximately US\$10.9 million, from a gross loss of approximately US\$0.1 million in FY2020 to a gross profit of approximately US\$10.8 million in FY2021. Overall, the gross profit margin increased to approximately 40.3% in FY2021, as compared to a gross loss margin of approximately 26.1% in FY2020.

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In FY2021, the Group's other income increased by approximately US\$0.4 million, from approximately US\$0.2 million in FY2020 to approximately US\$0.6 million in FY2021 primarily due to fair value gain arising from exchange right and option of US\$0.2 million, foreign exchange gain of approximately US\$0.3 million which arose from a stronger US\$ as S\$ repayments were made in US\$, partially offset by the reversal of fair value gain on amounts due to related parties of approximately US\$0.1 million recorded in FY2020.

In FY2021, the Group's administrative expenses increased by approximately US\$1.1 million, from approximately US\$3.3 million in FY2020 to approximately US\$4.4 million in FY2021 mainly due to the increased production and expansion activities resulting in higher staff costs, incentives and employee benefits, domestic travelling expenses, professional fees, modification loss from amount due from related parties and value-added tax.

Selling and distribution expenses of approximately US\$0.6 million relate to a flat fee of US\$0.90 per wet metric tonne paid to the third party based on the delivery of nickel ore to a customer.

The Group's other expenses of approximately US\$1.5 million included payments for technical due diligence, feasibility studies and engineering design, professional advisory and consultancy fees, project management and utilities expenses in relation to the evaluation of the Group's smelter project.

Finance expenses increased from approximately US\$0.4 million in FY2020 to approximately US\$0.8 million in FY2021 mainly due to the additional interest incurred on existing borrowings and new borrowings (including the exchangeable bond) obtained in FY2021.

As a result of the above, the Group recorded a profit after tax of approximately US\$2.4 million for FY2021 as compared to a loss after tax of approximately US\$3.6 million for FY2020. The Group's EBITDA was approximately US\$5.0 million in FY2021 as compared to a loss of approximately US\$2.3 million in FY2020.

### 1H2021 vs 1H2022

The Group recorded a revenue of approximately US\$22.7 million in 1H2022 from the sale of nickel ore, which was a significant increase as compared to the revenue from the sale of nickel ore of approximately US\$5.9 million recorded in 1H2021. This was mainly due to an increase in the sale of nickel ore from 159,341 metric tonnes of nickel ore in 1H2021 to 448,065 metric tonnes of nickel ore in 1H2022. In addition, the quality of nickel ore sold by the Group was higher in 1H2022, which commanded higher selling prices and the average selling price of nickel ore in 1H2022 was higher based on the benchmark pricing as determined by Indonesia's Ministry of Energy and Mineral Resources, as compared to 1H2021. There was no sale of nickel pig iron in 1H2022, as compared to 1H2021 where the Group completed a one-off US\$1.9 million sale of nickel pig iron to a customer.

The Group's total cost of goods sold increased by approximately US\$5.7 million, from approximately US\$5.4 million in 1H2021 to approximately US\$11.1 million in 1H2022, mainly due to the increase in sale of nickel ore in 1H2022, as compared to 1H2021.

As a result of the above, gross profit increased by approximately US\$9.2 million, from a gross profit of approximately US\$2.4 million in 1H2021 to a gross profit of approximately US\$11.6 million in 1H2022. Overall, the gross profit margin increased to approximately 51.2% in 1H2022, as compared to a gross profit margin of approximately 30.6% in 1H2021.

The Group's administrative expenses increased by approximately US\$2.5 million, from approximately US\$1.7 million in 1H2021 to approximately US\$4.2 million in 1H2022. The increase in administrative expenses related to an increase in costs in the mining business as a result of higher sales in 1H2022. Professional fees increased by approximately US\$0.5 million, staff costs including incentives increased by approximately US\$0.3 million, value-added tax

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expenses increased by US\$0.3 million, coordination and logistics expenses increased by approximately US\$0.9 million, foreign exchange loss increased by approximately US\$0.3 million, as well as travelling and entertainment expenses increased by approximately US\$0.2 million in 1H2022, as compared to 1H2021.

Selling and distribution expenses increased by approximately US\$0.4 million from approximately US\$37,000 in 1H2021 to approximately US\$0.4 million in 1H2022, mainly due to the higher sales in 1H2022, as compared to 1H2021. Other expenses of approximately US\$0.2 million incurred in 1H2022 were in relation to the evaluation, technical due diligence, feasibility studies and engineering design of the smelter projects. There were no such other expenses incurred in 1H2021. Finance costs increased by approximately US\$0.4 million, from approximately US\$0.2 million in 1H2021 to approximately US\$0.6 million in 1H2022, mainly due to interest expenses accrued on the exchangeable bond. Tax expense increased by approximately US\$2.1 million, from approximately US\$12,000 in 1H2021 to approximately US\$2.1 million in 1H2022 due to an increase in taxable profits recorded in 1H2022, as compared to 1H2021.

As a result of the above, the Group recorded a profit after tax of approximately US\$4.2 million for 1H2022, as compared to a profit after tax of approximately US\$0.5 million for 1H2021. The Group's EBITDA was approximately US\$7.4 million in 1H2022, as compared to an EBITDA of approximately US\$1.1 million in 1H2021.

### Condensed Statement of Financial Position

(US\$'000)	As at 30 June 2022 Unaudited
<b>Non-current assets</b>	
Property, plant and equipment	15,104
Deferred tax assets	372
Receivables	352
	15,828
<b>Current assets</b>	
Inventories	3,612
Receivables and prepayments	9,564
Cash and cash equivalents	10,962
	24,138
<b>Total assets</b>	<b>39,966</b>
<b>Non-current liabilities</b>	
Liabilities for post-employment benefits	652
Lease liabilities	249
Provisions	842
	1,743
<b>Current liabilities</b>	
Payables and accruals	3,002
Lease liabilities	15
Tax payables	4,109
Borrowings	673
Exchangeable bond	15,070
	22,869
<b>Total liabilities</b>	<b>24,612</b>
<b>Net assets</b>	<b>15,354</b>
<b>Equity</b>	
Share capital	8,979
Accumulated profits	6,375
<b>Total equity</b>	<b>15,354</b>

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(US\$'000)	As at 30 June 2022 Unaudited
<b>Net asset value (“NAV”) of the Group</b>	<b>15,354</b>
<b>Net tangible assets (“NTA”) of the Group</b>	<b>14,982</b>
Number of shares	261,213,792
NAV per Share (US cents)	5.88
NAV per Share (SG cents) <sup>(1)</sup>	8.28
NTA per Share (US cents)	5.74
NTA per Share (SG cents) <sup>(1)</sup>	8.08

Source: The Company's financial results announcement for 1H2022 released on SGXNET

**Notes:**

- (1) Converted to Singapore dollars at an exchange rate of 1 USD: 1.4090 SGD as at Latest Practicable Date.  
(2) NAV / NTA per Share presented in the table above are rounded to nearest two (2) decimal places.

As at 30 June 2022, the total assets of the Group amounted to approximately US\$40.0 million comprising current assets of approximately US\$24.1 million and non-current assets of approximately US\$15.8 million, representing approximately 60.4% and 39.6% of total assets respectively.

Current assets as at 30 June 2022 comprised mainly (i) cash and bank balances of approximately US\$11.0 million, (ii) receivables and prepayments of approximately US\$9.6 million and (iii) inventories of approximately US\$3.6 million, representing 27.4%, 23.9% and 9.0% of total assets respectively. Non-current assets as at 30 June 2022 comprised mainly property, plant and equipment of approximately US\$15.1 million, deferred tax assets of approximately US\$0.4 million and non-current receivables of approximately US\$0.4 million, representing approximately 37.8%, 0.9% and 0.9% of total assets respectively.

As at 30 June 2022, the total liabilities of the Group amounted to approximately US\$24.6 million comprising current liabilities of approximately US\$22.9 million and non-current liabilities of approximately US\$1.7 million, representing approximately 92.9% and 7.1% of total liabilities respectively.

Current liabilities as at 30 June 2022 comprised mainly (i) exchangeable bond of approximately US\$15.1 million (ii) tax payables of approximately US\$4.1 million, (iii) payables and accruals of approximately US\$3.0 million and (iv) borrowings of approximately US\$0.7 million, representing approximately 61.2%, 16.7%, 12.2% and 2.7% of total liabilities respectively. Non-current liabilities as at 30 June 2022 comprised mainly (i) provisions of approximately US\$0.8 million, liabilities for post-employment benefits of approximately US\$0.7 million and lease liabilities of approximately US\$0.3 million, representing approximately 3.4%, 2.6% and 1.0% of total liabilities respectively.

The Group recorded positive net working capital of approximately US\$1.3 million and net assets position of approximately US\$15.4 million as at 30 June 2022.

Consolidated Statement of Cash Flows

(US\$'000)	FY2021	1H2021	1H2022
Net cash generated from / (used in) operating activities	2,136	(289)	4,454
Net cash used in investing activities	(3,399)	(13)	(2,759)
Net cash generated from / (used in) financing activities	10,687	546	(163)
Net increase in cash and cash equivalents	9,424	244	1,532
Cash and cash equivalents at end of year / period	9,457	276	10,962

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*Source: The Company's annual reports for FY2021, and financial results announcement for 1H2021 and 1H2022 released on SGXNET*

For FY2021, 1H2021 and 1H2022, the Group recorded net cash generated from/(used in) operating activities of approximately US\$2.1 million, US\$(0.3) million and US\$4.5 million respectively.

In respect of 1H2022:

- (a) The Group recorded net cash generated from operating activities of approximately US\$4.5 million mainly attributable to (i) operating cash inflows before working capital changes of approximately US\$7.4 million; and (ii) a net working capital outflow of approximately US\$2.7 million resulting from a decrease of US\$1.0 million in receivables and prepayments and a decrease of approximately US\$1.7 million in payables and accruals, together with an increase of approximately US\$2.0 million in inventories in 1H2022. The Group also paid tax amounting to approximately US\$0.3 million in 1H2022;
- (b) The Group recorded net cash used in investing activities of approximately US\$2.8 million in 1H2022 due to expansion and improvements of the mining infrastructure;
- (c) The Group recorded net cash used in financing activities of approximately US\$163,000 in 1H2022 mainly attributable to interest paid of US\$62,000 and payment of lease liabilities of US\$101,000.
- (d) Taking into account (i) the net increase in cash and cash equivalents of approximately US\$1.5 million (after netting the effects of exchange rate changes) and (ii) the cash and bank balances at the beginning of 1H2022 of approximately US\$9.5 million, the Group's cash and cash equivalents amounted to approximately US\$11.0 million as at 30 June 2022.

### **9.2 Analysis of the Group's NAV and NTA per Share**

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful from the perspective that it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NAV does not illustrate the values at which assets may actually be realised or disposed of, given that the market values of assets may vary depending on, amongst others, the prevailing market and economic conditions. In addition, the NAV based approach ignores the future economic benefits of a business as a whole and we note that valuations on producing mining companies are more commonly based of income approach (i.e. discount cash flows approach) or market approach.

The NTA based approach is similar to the NAV based approach except that it does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names in providing an estimate of the value of a company or group assuming the hypothetical sale of all its assets.

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<b><u>Based on the Group's unaudited balance sheet as at 30 June 2022</u></b>	
<b>NAV attributable to owners of the Company as at 30 June 2022 (US\$'000)</b>	<b>15,354</b>
Less: Deferred tax assets (US\$'000)	(372)
<b>NTA attributable to owners of the Company as at 30 June 2022 (US\$'000)</b>	<b>14,982</b>
Number of ordinary Shares of the Company	261,213,792
<b>Offer Consideration (S\$)</b>	<b>0.42</b>
NAV per Share (US cents)	5.88
NAV per Share (SG cents) <sup>(1)</sup>	8.28
<b>Offer Consideration to NAV per Share (x) (P/NAV)</b>	<b>5.1</b>
<b>Premium of Offer Consideration to NAV per Share (%)</b>	<b>407.1</b>
<b>Offer Consideration to NTA per Share (x) (P/NTA)</b>	<b>5.2</b>
<b>Premium of Offer Consideration to NTA per Share (%)</b>	<b>419.7</b>

**Notes:**

- (1) Converted to Singapore dollars at an exchange rate of 1 USD: 1.4090 SGD as at Latest Practicable Date.  
(2) P/NAV and P/NTA presented in the above are rounded to nearest one (1) decimal place.

From the table above, the Offer Consideration to NAV per Share ("**P/NAV**") and the premium of the Offer Consideration to NAV per Share as at 30 June 2022 are 5.1x and 407.1% respectively and the Offer Consideration to NTA per Share ("**P/NTA**") and the premium of the Offer Consideration to NTA per Share as at 30 June 2022 are 5.2x and 419.7% respectively.

We note from the unaudited financial statements for the 6 months ended 30 June 2022 that the Group had cash and cash equivalents of approximately US\$11.0 million as at 30 June 2022 (which accounted for approximately 45.4% and 27.4% of total current assets and total assets respectively), mainly as a result of the issuance of a US\$15.0 million exchangeable bond to GFL International Co., Limited in November 2021.

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the balance sheet of the Group as at 30 June 2022.

As at 30 June 2022, the Group had property, plant and equipment of approximately US\$15.1 million which made up approximately 37.8% of the Group's total assets as at 30 June 2022. We understand from the Company that approximately US\$2.8 million pertains to mining properties (representing approximately 6.9% of total assets) and approximately US\$10.0 million pertains to building and infrastructure (representing approximately 25.0% of total assets). Mining properties comprise costs incurred in relation to land compensation and exploration and development expenditures when proved reserves are determined and is amortised over the term of the mining business license. As for buildings and infrastructure, it pertains mainly to infrastructure costs which is incurred for (i) expanding and improving of roads (ii) upgrading of jetties and new staff accommodation buildings and (iii) expanding of mining pit areas required to increase nickel ore production. No valuations have been conducted on these assets in connection with the Offer.

Save as disclosed in the unaudited financial statements of the Group as at 30 June 2022, the announcements released by the Company on the SGXNET and the Circular, the Board of Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

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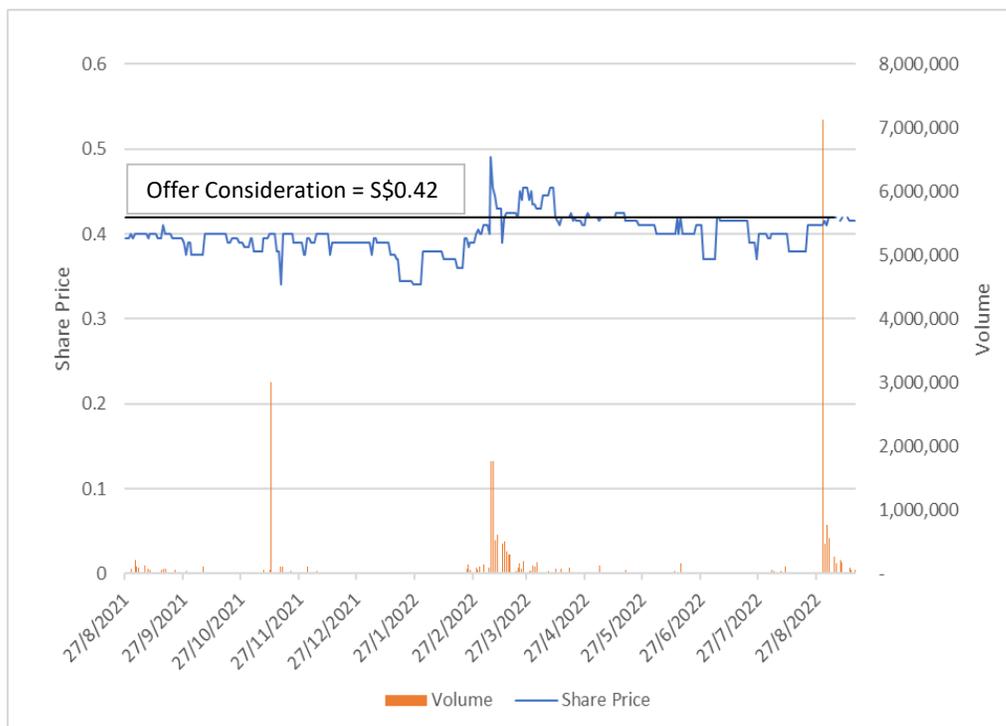
- (a) there are no material events that have or will likely have a material impact to the financial position of the Group since 30 June 2022;
- (b) there are no material differences between the realisable value of the Group's assets and their respective book values as at 30 June 2022 which would have a material impact on the unaudited NTA of the Group;
- (c) other than that already provided for or disclosed in the Group's financial information as at 30 June 2022, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the unaudited NTA of the Group as at the Latest Practicable Date;
- (d) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (e) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the SFRS(I) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (f) there are no material acquisitions and disposals of assets by the Group between 30 June 2022 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

### 9.3 Historical Share price performance and trading liquidity

We have compared the Offer Consideration to the historical share price of the Shares for the 1-year period prior to and including the last full market day on which the Shares were available for trading on the SGX-ST prior to the date of the Offer Announcement, being 26 August 2022 ("**Last Trading Day**") and for the period from the Offer Announcement Date up to the Latest Practicable Date.

We set out below a chart showing the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 27 August 2021 and up to the Latest Practicable Date ("**Period Under Review**").

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Source: Bloomberg L.P.

In addition to the above share price / trading volume chart, we have tabulated below selected statistics on the share price and trading liquidity of the Shares for the Period Under Review:

Reference Period	VWAP (\$ <sup>(1)</sup> )	Premium/ (discount) of Offer Consideration to VWAP (% <sup>(2)</sup> )	Highest closing price (\$ <sup>(1)</sup> )	Lowest closing price (\$ <sup>(1)</sup> )	Average daily trading volume ('000) <sup>(2) (3)</sup>	Average daily trading volume as a percentage of free float (% <sup>(1) (4)</sup> )
<b><u>Periods up to and including the Offer Announcement Date</u></b>						
12-month period prior to and including the Last Trading Day	0.434	(3.2)	0.490	0.340	58.8	0.059
6-month prior to and including the Last Trading Day	0.445	(5.5)	0.490	0.370	76.0	0.077
3-month prior to and including the Last Trading Day	0.400	5.1	0.420	0.370	9.7	0.010
1-month prior to and including the Last Trading Day	0.399	5.4	0.410	0.380	13.1	0.013
Last Trading Day	0.410 <sup>(5) (6)</sup>	2.4	0.410	0.410	- <sup>(6)</sup>	-
Offer Announcement Date	0.410 <sup>(5) (6)</sup>	2.4	0.410	0.410	- <sup>(6)</sup>	-
<b><u>Periods after the Offer Announcement Date</u></b>						
Period after the Offer Announcement Date to the Latest Practicable Date	0.407	3.2	0.420	0.410	709.1	0.716
Latest Practicable Date	0.415	1.2	0.415	0.415	58.0	0.059

Source: Bloomberg L.P.

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### Notes:

- (1) Rounded to the nearest three (3) decimal places.
- (2) Rounded to the nearest one (1) decimal place.
- (3) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.
- (4) Based on the Company's annual report for FY2021, the number of Shares held in the hands of the public was approximately 99.0 million Shares being approximately 37.9% of the issued shares of the Company.
- (5) Refers to the latest closing price of the Shares on the respective days.
- (6) There were no trades done on Last Trading Day and trading in the Shares was halted on the Offer Announcement Date.

Based on the above, we note the following:

- (a) The Offer Consideration is at a premium of approximately 5.1% and 5.4% to the VWAP of the Shares for the 3-month and 1-month periods prior to the Last Trading Day respectively;
- (b) The Offer Consideration is at a discount of approximately 3.2% and 5.5% to the VWAP of the Shares for the 12-month and 6-month periods prior to the Last Trading Day respectively;
- (c) The Offer Consideration is at a premium of approximately 2.4% to the closing price of the Shares on the Last Trading Day;
- (d) The Offer Consideration at S\$0.42 is higher than the highest closing prices of the Shares for the 1-month period up to and including the Last Trading Day, but lower than the highest closing price of the Shares for the 6-month and 12-month periods up to and including the Last Trading Day;
- (e) The Offer Consideration is at a premium of 3.2% to the VWAP of the Shares for the period after the Offer Announcement Date to the Latest Practicable Date. The daily closing prices of the Shares during this period did not go above the Offer Consideration; and
- (f) The Offer Consideration is at a premium of 1.2% to the VWAP of the Shares on the Latest Practicable Date.

We note the following with regard to the trading liquidity of the Shares:

- (a) Trading liquidity of the Shares during the 12-month period up to and including the Last Trading Day has been low with an average daily trading volume of between approximately 9,700 Shares and 76,000 Shares representing between 0.010% and 0.077% of the free float of the Company;
- (b) For the period commencing from 26 August 2021 and ending on the Offer Announcement Date, the Shares were only traded on 139 Market Days out of 252 Market Days; and
- (c) For the period after the Offer Announcement Date to the Latest Practicable Date, trading liquidity of the Shares increased to an average daily trading volume of approximately 0.7 million Shares, representing approximately 0.7% of the Company's free float.

Based on the above, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the Offer Announcement Date. Shareholders should note that there is no assurance that the market price and trading volume of the Shares will be maintained at the level prevailing as at the Latest Practicable Date after the close of the Offer. **Shareholders are advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.**

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**9.4 Valuation ratios of selected listed companies broadly comparable to the Group**

For the purpose of our evaluation of the financial terms of the Offer, we have considered the valuation ratios of the Company implied by the Offer Consideration as compared with those of selected companies which we consider to be broadly comparable to the principal business of the Group (“**Selected Comparable Companies**”). Presently, there is no company listed on SGX-ST which is a close comparable to the principal business of the Group. Accordingly, we have selected mining companies with significant exposure to nickel mining operations that are listed on other Asia Pacific exchanges and have limited the Selected Comparable Companies to those with a market capitalisation of less than S\$1.0 billion as at the Latest Practicable Date.

We wish to highlight that the Selected Comparable Companies are not exhaustive and we recognise that there may not be any listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied fair market valuation (as the case may be) of the Group as at the Latest Practicable Date.

<b>Company</b>	<b>Stock Exchange</b>	<b>Business Description (as extracted from Bloomberg)</b>
Panoramic Resources Ltd	Australia	Panoramic Resources Limited is a mining company that explores for and mines copper, nickel, and cobalt in the Kimberley region of Western Australia.
Global Ferronickel Holdings Inc	Philippines	Global Ferronickel Holdings, Inc. operates as a nickel producer. The company's line of business includes exploration, extraction, production and marketing of laterite nickel ore from the Philippines to customers in the Asia Pacific region. The company owns two laterite nickel mines located in Surigao and Palawan.
PT Ifishdeco Tbk	Indonesia	PT Ifishdeco provides mining services. The Company explores and develops nickel ore properties. Ifishdeco serves customers in Indonesia.
Century Peak Holdings Corp	Philippines	Century Peak Holdings Corp is an integrated mining company. The Company is involved in metals mining and smelting operations, including nickel, chromite, and iron.
Marcventures Holdings Inc	Philippines	Marcventures Holdings Inc. is a holding company. The Company, through its subsidiary, is involved in nickel mining operations in the southern Philippines.
PT Pam Mineral Tbk	Indonesia	PT Pam Mineral Tbk provides exploration and mining services. The Company explores and develops mineral projects. Pam Mineral serves customers in Indonesia.
Benguet Corp	Philippines	Benguet Corporation explores and mines gold, copper and chromite in the Philippines. The Company's business also includes water project, eco-tourism, land development, and forest management.
PT Central Omega Resources Tbk	Indonesia	PT Central Omega Resources Tbk is involved in the trade and mining of minerals. The Company deals with minerals such as manganese, nickel, and coal. Central Omega Resources holds interests in various copper and nickel properties located in Halmahera Timur, Petasia, south Bungku, east Halmahera, south Amfoang, Lembo, Bumi Raya, and Sawa, Indonesia.

Source: Bloomberg L.P.

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In our evaluation, we have considered the following widely used valuation measures in respect of mining companies:

Valuation Ratio	Description
Price-to-earnings ratio (“P/E”)	<p>The P/E, or earnings multiple, illustrates the ratio of a company’s market capitalisation relative to its historical consolidated net profit attributable to shareholders. The P/E is an earnings-based valuation methodology.</p> <p>The P/E multiple is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and amortisation of intangible assets.</p>
Enterprise value to EBITDA (“EV/EBITDA”) ratio	<p>EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the consolidated earnings before interest, taxes, depreciation and amortisation expenses, inclusive of the share of associates’ and joint ventures’ income.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity relative to its pre-tax operating cashflow, without regard to its capital structure and provides an indication of current market valuation relative to operating performance.</p>
Enterprise Value-to-Reserves (“EV/Reserves”)	<p>EV/Reserves ratio is an industry specific valuation measure. It indicates the enterprise value per ton of proven and probable reserve owned by the company.</p>

The valuation ratios of the Selected Comparable Companies as at the Latest Practicable Date are set out below:

Company	Market Capitalisation as at LPD <sup>(1)</sup> (S\$m)	EV as at LPD (S\$m)	TTM P/E <sup>(1)</sup> (times)	EV/TTM EBITDA (times)	EV/Reserves <sup>(2)</sup> (S\$/tonne)
Panoramic Resources Ltd	395.7	440.0	64.1 <sup>(3)</sup>	19.1	53.2 <sup>(3)</sup>
Global Ferronickel Holdings Inc	297.6	243.3	6.3	2.8	4.2
PT Ifishdeco Tbk	221.5	222.0	13.9	19.4	9.0
Century Peak Holdings Corp	187.1	185.5	13.1	17.2	- <sup>(4)</sup>
Marcventures Holdings Inc	103.7	94.2	3.4	2.2	- <sup>(4)</sup>
PT Pam Mineral Tbk	93.9	84.7	22.0	12.8	10.6
Benguet Corp	81.0	67.9	1.9	1.4	- <sup>(4)</sup>
PT Central Omega Resources Tbk	70.2	100.1	n.m. <sup>(5)</sup>	n.m. <sup>(5)</sup>	4.9
<b>High</b>			64.1	19.4	53.2
<b>Low</b>			1.9	1.4	4.2
<b>Mean</b>			10.1	10.7	7.2
<b>Median</b>			9.7	12.8	7.0
<b>Company as implied by Offer Consideration</b>			<b>13.0</b>	<b>7.4</b>	<b>2.8<sup>(6)</sup></b>

Source: Bloomberg L.P.

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### Notes:

- (1) Based on the closing price as at the Latest Practicable Date.
- (2) The “Reserves” estimates of the Selected Comparable Companies are obtained from the respective latest available annual reports as at the Latest Practicable Date. There may be timing differences between the Reserves figures used to calculate the ratios and the financial results of the respective Selected Comparable Companies. We would also like to highlight that the Reserves figures of the Company and the Selected Comparable Companies may not reflect the entire potential Reserves that could be explored and commercialized. Therefore, any comparison made with regards to EV/Reserves ratios are purely for illustrative purposes only.
- (3) Excluded as “outliers” from the computation of the mean and median valuation multiples.
- (4) Information on the Reserves estimates are not available.
- (5) “n.m.” denotes not meaningful as the company reported net loss and negative EBITDA for the latest trailing twelve months period.
- (6) Based on the total wet tonnes reserves that is attributable to the Company as reported in the Company's latest annual report for the financial year ended 31 December 2021 (“**Net Mineral Reserves**”).

Based on the above, we note that:

- (a) The EV/TTM EBITDA (trailing twelve-month EBITDA) of the Group (as implied by the Offer Consideration) of 7.4 times is within the range of EV/TTM EBITDA ratios of the Selected Comparable Companies of between 1.4 times and 19.4 times, but below the mean and median EV/TTM EBITDA ratios of 10.7 times and 12.8 times respectively.
- (b) The TTM P/E (trailing twelve-month earnings) of the Group (as implied by the Offer Consideration) of 13.0 times is within the range of the TTM P/E ratios of the Selected Comparable Companies of between 1.9 times and 22.0 times (excluding outliers), and above the mean and median TTM P/E ratios of 10.1 times and 9.7 times respectively.
- (c) The EV/Reserves of the Group (as implied by the Offer Consideration) of S\$2.8/tonne is below the range of EV/Reserves of the Selected Comparable Companies of between S\$4.2/tonne and S\$10.6/tonne (excluding outliers).

The comparison of the valuation ratios between the Group and the Selected Comparable Companies should also be considered in the context that, as set out in the Offer Document, the Offeror and its concert parties hold an aggregate of 63.0% interest in the Shares and the Offeror has received the Irrevocable Undertakings from Undertaking Shareholders who collectively hold 222,654,139 Shares (representing 85.2% of the total number of Shares) to, *inter alia*, tender all their Shares to the Offeror.

### 9.5 Estimated range of values of the Shares

The market approach is a valuation method used to determine the appraisal value of a business by considering the market prices of comparable assets or businesses that have been sold recently or those that are still available.

Under Section 9.4 of our IFA Letter above, we have utilised the guideline public company method by comparing the relevant trading multiples such as EV/EBITDA and P/E of similar businesses that are listed on other Asia Pacific exchanges. Between the EV/EBITDA and P/E multiples, we prefer to use the EV/EBITDA multiple to arrive at the estimated range of values of the Shares, as it takes a more holistic picture of the value of an enterprise by considering both the equity and debt components of the capital structure and excludes non-cash expenses.

Based on the trailing 12-month EBITDA of the Group and the mean and median EV/TTM EBITDA ratios respectively of the Selected Comparable Companies and the exchange rate as at the Latest Practicable Date, the estimated valuation of the Shares using the market approach is between **S\$0.623 and S\$0.751 per Share**. In this regard, we note that the range is rather wide as the EV/TTM EBITDA multiples of the Selected Comparable Companies varies with a wide range of between 1.4 times to 19.4 times. Nonetheless, it serves as a reference of estimated fair value range taking into consideration the earnings multiples that the Selected Comparable Companies are currently trading at. We also wish to reiterate that such comparisons may not be

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entirely meaningful as the Selected Comparable Companies may not be directly comparable with the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation.

### 9.6 Precedent Privatisation Transactions in Singapore

In assessing the reasonableness of the Offer Consideration, we have also compared the offer premiums implied by the Offer Consideration with those of selected recently completed privatization transactions for companies listed on the SGX-ST (excluding real estate investment trusts and business trusts). For our analysis, we have compared the financial terms of the Offer against recently completed privatization transactions carried out either by general takeover offer, voluntary general offer (“VGO”) or scheme of arrangement (“SOA”) (collectively the “**Precedent Privatisation Transactions**”) as announced since August 2020 and completed as at the Latest Practicable Date.

In making the comparison herein, we wish to highlight that the companies in the Precedent Privatisation Transactions are not exhaustive and there is no listed company or group which may be considered identical to the Group in terms of, *inter alia*, composition of business, business activities, size and scale of operations, risk profile, geographical spread of business, operating and financial leverage, accounting policies, track record, financial performance and future prospects, liquidity and market capitalisation. We wish to also highlight that the premium or discount that an offeror pays in any particular Precedent Privatisation Transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or “internal goodwill or intangible assets”, the availability of substantial cash reserves, the liquidity in the trading of the target company’s shares, the presence of competing bids for the target company and the existing and desired level of control in the target company. Accordingly, the applicability of the analysis may be limited and is for illustrative purpose only.

The premium or discount of offer price of the Precedent Privatisation Transactions are set out below.

Date of announcement	Target	Type	Premium/(Discount) of Offer Price over/to <sup>(1)</sup>				
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)
12-Aug-20	Techwah Industrial Corporation Limited	VGO	17.8	23.1	25.0	32.4	38.3
20-Aug-20	China Jishan Holdings Limited	VGO	84.2	101.3	106.4	116.7	83.0
2-Sep-20	SK Jewellery Group Limited	VGO	70.5	90.2	94.8	93.7	81.2
9-Sep-20 <sup>(2)</sup>	Sunningdale Tech Ltd.	SOA	32.0	39.1	45.0	58.2	42.6
16-Sep-20	LCT Holdings Limited	VGO	39.5	60.8	61.7	61.5	25.4
20-Nov-20	Sunvic Chemical Holdings Ltd	VGO	27.3	40.0	(3.4)	16.7	(12.5)
18-Dec-20	Hi-P International Ltd	VGO	13.6	23.2	42.3	50.6	62.5
11-Jan-21 <sup>(3)</sup>	CEI Limited	VGO	16.2	18.1	20.5	23.6	26.1
15-Jan-21	GL Limited <sup>(4)</sup>	VGO	42.9	46.6	52.4	45.8	25.1
28-Jan-21	International Press Softcom Limited	VGO	12.5	25.3	32.0	21.6	26.8
12-Mar-21	World Class Global Limited	SOA	112.1	107.9	107.9	89.2	73.6

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Date of announcement	Target	Type	Premium/(Discount) of Offer Price over/to <sup>(1)</sup>				
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)
19-Mar-21	Singapore Reinsurance Corporation Limited	VGO	17.8	20.6	20.8	21.8	27.4
30-Mar-21	Neo Group Limited	VGO	19.9	17.9	14.5	15.4	30.9
30-Mar-21	Singapore Press Holdings Limited	SOA	57.3	71.5	80.3	94.8	199.2
29-Apr-21	Sin Ghee Huat Corporation Ltd	VGO	25.6	68.2	68.2	68.8	68.2
30-Apr-21	Top Global Limited	VGO	122.9	133.6	146.8	148.7	142.6
6-May-21	Cheung Woh Technologies Limited	VGO	90.0	90.0	92.6	109.6	141.5
31-May-21	Dutech Holdings Ltd <sup>(5)</sup>	VGO	74.0	73.3	74.7	73.3	61.1
9-Jul-21	Fragrance Group Limited	VGO	16.9	19.0	19.0	20.0	21.1
9-Nov-21	SingHaiyi Group Ltd	VGO	8.3	7.1	10.7	18.3	20.0
10-Nov-21	Starburst Holdings Limited	VGO	4.4	3.9	9.2	12.8	25.3
10-Dec-21	United Global Limited	VGO	12.5	16.7	16.7	16.2	14.1
15-Dec-21	Roxy-Pacific Holdings Limited	VGO	19.8	21.0	23.5	30.3	37.0
29-Dec-21	Koufu Group Limited	VGO	15.8	14.5	13.6	15.1	15.3
16-Feb-22	Shinvest Holding Ltd	VGO	13.6	8.5	10.2	10.1	14.3
7-Mar-22	Singapore O&G Ltd	VGO	18.0	14.8	12.2	11.3	11.3
17-May-22	Hwa Hong Corporation Limited	VGO	37.9	36.1	32.0	22.0	24.6
20-May-22	TTJ Holdings Limited	VGO	36.1	33.6	28.8	28.0	29.4
17-Jun-22	Allied Technologies Limited <sup>(6)</sup>	VGO	-	-	-	-	-
<b>High</b>			122.9	133.6	146.8	148.7	199.2
<b>Low</b>			4.4	3.9	(3.4)	10.1	(12.5)
<b>Mean</b>			37.8	43.8	44.9	47.4	48.4
<b>Median</b>			22.8	29.5	30.4	29.2	28.4
<b>29-Aug-22</b>	<b>Company (as implied by the Offer Consideration)</b>		<b>2.4</b>	<b>5.4</b>	<b>5.1</b>	<b>(5.5)</b>	<b>(3.2)</b>

Source: Bloomberg L.P. and circulars in relation to the Precedent Privatisation Transactions

**Notes:**

- (1) Market premia / (discounts) calculated relative to the last transaction prices and the 1-month, 3-month, 6-month and 12-month VWAPs of the respective target companies prior to the respective announcements.
- (2) This is the date of the holding announcement. The market premia were computed based on prices prior to the holding announcement date when Sunningdale first announced that it had been approached in relation to a possible transaction involving the Sunningdale shares.
- (3) This is the pre-conditional offer announcement date. The market premia were computed based on prices prior to the pre-conditional offer announcement date.
- (4) The market premia were computed based on the final offer price of S\$0.80 per share.
- (5) The market premia were computed based on the final offer price of S\$0.435 per share.
- (6) As the trading of the shares of Allied Technologies Limited has been suspended for more than 3 years, no market premia were computed.

Based on the above, we note the following:

- (a) The premium of 2.4% implied by the Offer Consideration over the last transacted price of the Shares below the range of the premium for the Precedent Privatisation Transactions of between 4.4% and 122.9%;
- (b) The premium of 5.4% implied by the Offer Consideration over the VWAP of the Shares for the 1-month period prior to the Offer Announcement Date is within the range of the premium for the Precedent Privatisation Transactions of between 3.9% and 133.6%, but is significantly below the mean and median premia of 43.8% and 29.5% respectively;
- (c) The premium of 5.1% implied by the Offer Consideration over the VWAP of the Shares for the 3-month period prior to the Offer Announcement Date is within the range of the (discount) / premium for the Precedent Privatisation Transactions of between (3.4)% and 146.8%, but is significantly below the mean and median premia of 44.9% and 30.4% respectively;
- (d) The discount of 5.5% implied by the Offer Consideration over the VWAP of the Shares for the 6-month period prior to the Offer Announcement Date is below the range of premium for the Precedent Privatisation Transactions of between 10.1% and 148.7%; and
- (e) The discount of 3.2% implied by the Offer Consideration over the VWAP of the Share for the 12-month period prior to the Offer Announcement Date is within the range of the (discount) / premium for the Precedent Privatisation Transactions of between (12.5)% and 199.2%, but is significantly below the mean and median premium of 48.4% and 28.4% respectively.

## 9.7 Other relevant considerations

### 9.7.1 Outlook of the Group

The Company had made the following comments in relation to its business outlook in its unaudited financial results announcement for the six months ended 30 June 2022:

*“The COVID-19 pandemic remains an evolving situation with new variants emerging in Asia. As at the date of this announcement, the COVID-19 pandemic has not caused significant disruption to the Group’s business and operations. Notwithstanding this, the Group will continue to monitor its operations and health and safety of its employees in Singapore and Indonesia.*

#### Current review of the Indonesian Mining Industry

*The Indonesian government has made a strategic shift towards supporting domestic value-added nickel pig iron production and there is a rapidly growing demand for nickel and cobalt from the electric vehicle (“EV”) battery manufacturers. Nickel is widely considered a “future-facing” commodity as it is a critical raw ingredient for steel, as well as the batteries which power the growing market for EVs. The global stainless steel production has increased by 10.6% year-on-year to 56.3 million tons in 2021, and the forecast production for 2022 is 60 million tons, up by 6.5% for 2021<sup>3</sup>. The stainless steel market is projected to grow from US\$176 billion in 2021 to US\$268 billion by 2028 at a CAGR of 6.2% during the 2021-2028 period (average price range US\$3,100 to US\$4,400 per metric ton)<sup>4</sup>. In addition, the outlook for nickel prices is expected to remain positive as Class 1 London Metal Exchange nickel prices are expected to stabilize above their recently established range of US\$25,000 per tonne to US\$30,000 per tonne. Nickel prices had risen over the course of 2021 from its lowest range of US\$15,950 per tonne at the beginning of 2021 to reach US\$22,700 per tonne at the end of June 2022, as quoted on the London Metal Exchange<sup>5</sup>.*

Update on smelter projects

On 25 February 2022, the Group has completed the acquisition of PT ATSM. The Group is committed to its strategy of expanding its business for the production and export of nickel pig iron. The Group continues to assess and discuss with various financing and operating partners on the feasibility and financing of the smelter facilities in Sulawesi, Indonesia. The Company will provide its shareholders with updates on any such material developments, in accordance with the requirements of the Catalist Rules.

<sup>3</sup> <https://bssa.org.uk/stainless-steel-production-increases-by-10-6-to-56-3-million-tons-in-2021-2/>

<sup>4</sup> <https://www.globenewswire.com/news-release/2022/03/22/2407696/0/en/Stainless-Steel-Market-to-Worth-USD-268-46-Billion-by-2021-2028-Stainless-Steel-Industry-CAGR-of-6-2.html>

<sup>5</sup> As quoted from the London Metal Exchange (Nickel)”

**9.7.2 No revision of terms and likelihood of competing offers is remote**

The Offeror has stated in the Offer Document that it does not intend to revise the Offer Consideration or any other terms of the Offer save that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code if a competitive situation arises. As set out in the Offer Document, the Offeror and its concert parties hold an aggregate of 63.0% interest in the Shares and has received Irrevocable Undertakings from the Undertaking Shareholders (which includes FEM), holding approximately 85.2% of the total number of Shares in the Company, who will tender all their Shares in acceptance of the Offer. The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party. Therefore, the likelihood of a competing offer in this case is remote.

**9.7.3 Acceptance condition**

According to Section 2.7 of the Offer Document, the Offer is conditional on the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such of number of Offer Shares which will result in the Offeror and parties acting or deemed to be acting in concert with it holding 90 per cent. or more of the total number of Shares (excluding any treasury shares) as at the close of the Offer (including any Shares which may be unconditionally issued or delivered pursuant to the valid vesting of awards granted under the Plan, if any, prior to the close of the Offer) (the “**Acceptance Condition**”). Save for the Acceptance Condition, the Offer is unconditional in all other respects.

In this regard and as mentioned in Section 9.7.2 above, the Offeror has received Irrevocable Undertakings from the Undertaking Shareholders (which includes FEM), holding approximately 85.2% of the total number of Shares in the Company, who will tender all their Shares in acceptance of the Offer. It is also noted that, save for one shareholder, all of the other Undertaking Shareholders will be electing to receive the Securities Consideration in lieu of the Cash Consideration.

**9.7.4 Listing status and Compulsory Acquisition**

As set out in Section 11 of the Offer Document, the Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1104 or Rule 1303(1) of the Catalist Rules, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

In addition, the Offeror intends, and hereby reserves its right, to take steps at an appropriate time, whether during or after the Offer, to seek a voluntary delisting of the Company from the SGX-ST,

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where permitted by, and in accordance with, the relevant requirements of the Catalist Rules and the Code.

In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders, the Offeror intends to exercise such right, and upon such exercise, the Dissenting Shareholders shall receive the Cash Consideration (and not the Securities Consideration) for such Shares acquired by the Offeror. In such event, the Company will become a wholly-owned subsidiary of the Offeror and the Offeror will then proceed to delist the Company from the SGX-ST.

### 9.7.5 Offeror's Intentions for the Group

We note that from Section 9 of the Offer Document that the Offeror intends for the Company to continue its existing business activities and there are currently no plans to (i) introduce any major changes to the business of the Company, (ii) re-deploy any of the fixed assets of the Company or (iii) discontinue the employment of any of the existing employees of the Company or its subsidiaries, other than in the ordinary course of business. The Offeror may consider re-listing the Company on an appropriate securities exchange in the future. However, for the avoidance of doubt, there is currently no firm intention to re-list the Company on any securities exchange. In addition, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Company.

### 9.7.6 Offer Consideration

The Offer Consideration will be, at the election of the Shareholders, either S\$0.42 in cash or in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror ("**New Offeror Share**") which the Offeror shall allot and issue at an issue price of S\$0.42 per New Offeror Share (the "**Securities Consideration**").

The Cash Consideration represents a clean cash exit opportunity for Shareholders to realise their investment without incurring brokerage and other trading costs. Shareholders should note that the New Offeror Shares will not be listed on any securities exchange when allotted and issued on settlement of the Securities Consideration or as at the close of the Offer.

### 9.7.7 Issuance of Exchangeable Bonds to GFL

On 28 May 2021, the Company entered into a subscription agreement with the GFL International Co., Limited ("**GFL**") and FE Resources Pte. Ltd. (a wholly-owned subsidiary of the Company) ("**FER**") (as guarantor of the Company's obligations under the Subscription Agreement) (the "**Subscription Agreement**"). Pursuant to the Subscription Agreement, GFL shall subscribe for the US\$15 million principal amount of 7.00% exchangeable bonds due 2024 (the "**Exchangeable Bonds**") at an issue price of 100% of the principal amount of the Exchangeable Bonds. Under the terms and conditions of the Exchangeable Bonds, GFL shall have at its sole option, a right to exchange all but not some of the Exchangeable Bonds for shares representing 25% of the total issued and paid-up share capital in FER held by the Company ("**Exchange Shares**"). In addition, under the Subscription Agreement, in consideration of GFL agreeing to subscribe and pay for the Exchangeable Bonds, FER has granted to GFL, an option to purchase such number of newly allotted shares in FER ("**Option Shares**"), that together with the Exchange Shares, represent 50% of the total enlarged issued and paid-up share capital in FER, at an aggregate consideration of US\$15 million. The Company completed the issuance of the Exchangeable Bonds to GFL on 19 November 2021.

FER and its subsidiaries (being PT Anugrah Tambang Sejahtera and PT Teknik Alum Service) (the "**FER Group**") is principally engaged in the business of exploration, mining, production in Indonesia and the sale of nickel ore. GFL is a wholly-owned subsidiary of Ganfeng Lithium, a publicly listed company on both the Shenzhen Stock Exchange and Hong Kong Stock Exchange.

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Based on the EBITDA of the FER Group for FY2021, the implied EV/EBITDA multiple for the issuance of the Exchangeable Bonds to GFL (assuming only the issuance of the Exchangeable Bonds to GFL and no exercise of option by GFL to purchase Option Shares) was 8.1 times and the implied EV/Reserve ratio (based on the Company's Net Mineral Reserves) was approximately S\$2.2/tonne. In contrast, the Offer Consideration represents an implied EV/EBITDA of 7.4 times and implied EV/Reserve of S\$2.8/tonne.

### 9.7.8 Precedent transaction involving the acquisition of nickel mining companies

We attempted to search for comparable precedent transactions involving the acquisition of nickel mining companies that was transacted within the last 12 months and of which the implied transaction multiple is available ("**Precedent M&A Transaction**"). Based on our search, we have found only one such transaction which involves the acquisition of ASX-listed Western Areas Ltd ("**WAL**") by IGO Ltd, which was announced in December 2021 and completed in June 2022, and was transacted at an implied EV/EBITDA multiple of 8.9 times.

### 9.7.9 Performance of the Share Price vis-à-vis the nickel price market

The chart below shows the market price performance of the Shares vis-à-vis the LME Nickel Spot prices for the one-year period prior to the Last Trading Date.



Source: Bloomberg L.P. (rebased to 100)

We note that generally there is a positive correlation between the market movement of the Shares and the movement of the nickel price index. There is no assurance that the nickel prices and the Share prices would continue to behave in a similar manner. We further note that the Shares have generally underperformed against the LME Nickel Spot index for the past one year prior to the Last Trading Date.

Further, it is noted that the price of nickel can be substantially volatile and is subject to a variety of factors including global supply and demand, the prices agreed by the world's largest producers of nickel with their customers, utilization rates at existing production facilities worldwide, general economic condition, regulatory changes, and other factors. Sometime in March 2022, there was a temporary suspension of nickel trading on the London Metals Exchange due to a period of material volatility in the nickel market.

**10. OUR OPINION AND RECOMMENDATION TO THE INDEPENDENT DIRECTORS**

In arriving at our recommendation in respect of the Offer to the Independent Directors, we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Offer. Accordingly, it is important that this IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

**In determining the fairness of the Offer, we have considered, *inter alia*, the following pertinent factors:**

- (a) The EV/TTM EBITDA of the Group (as implied by the Offer Consideration) of 7.4 times is within the range of EV/TTM EBITDA ratios of the Selected Comparable Companies but below the mean and median EV/TTM EBITDA ratios of 10.7 times and 12.8 times respectively;
- (b) The EV/Reserves of the Group (as implied by the Offer Consideration) of S\$2.8/tonne is below the range of EV/Reserves of the Selected Comparable Companies of between S\$4.2/tonne and S\$10.6/tonne (excluding outliers);
- (c) The Offer Consideration is lower than our estimated range of value of the Shares of between S\$0.623 and S\$0.751, which was arrived at based on the guideline public company method using the market approach of valuation;
- (d) In comparison with the issuance of Exchangeable Bonds to GFL (assuming only the issuance of the Exchangeable Bonds to GFL and no exercise of option by GFL to purchase Option Shares), the implied EV/EBITDA was 8.1 times and implied EV/Reserves was S\$2.2/tonne, whereas EV/EBITDA as implied by the Offer Consideration is 7.4 times and EV/Reserve as implied by the Offer Consideration is S\$2.8/tonne; and
- (e) The Precedent M&A Transaction which was completed in June 2022 was transacted at an implied EV/EBITDA multiple of 8.9 times.

In view of the above considerations, we are of the opinion that the Offer is **NOT FAIR**.

**In determining the reasonableness of the Offer, we have considered, *inter alia*, the following pertinent factors:**

Factors for the Offer Consideration:

- (a) The Offer Consideration is at a premium of approximately 5.1% and 5.4% to the VWAP of the Shares for the 3-month and 1-month periods prior to the Last Trading Day respectively and the Offer Consideration is at a premium of approximately 2.4% to the closing price of the Shares on the Last Trading Day;
- (b) Trading liquidity of the Shares during the 12-month period up to and including the Last Trading Day has been low with an average daily trading volume of between approximately 9,700 Shares and 76,000 Shares representing between 0.010% and 0.077% of the free float of the Company. For the period commencing from 26 August 2021 and ending on the Offer Announcement Date, the Shares were only traded on 139 Market Days out of 252 Market Days. Accordingly, the Cash Consideration provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the prevailing market prices without incurring brokerage and other trading costs;
- (c) The EV/TTM EBITDA (trailing twelve-month EBITDA) of the Group (as implied by the Offer Consideration) of 7.4 times is within the range of EV/TTM EBITDA ratios of the

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Selected Comparable Companies of between 1.4 times and 19.4 times, but below the mean and median EV/TTM EBITDA ratios of 10.7 times and 12.8 times respectively;

- (d) The TTM P/E (trailing twelve-month earnings) of the Group (as implied by the Offer Consideration) of 13.0 times is within the range of the TTM P/E ratios of the Selected Comparable Companies of between 1.9 times and 22.0 times (excluding outliers), and above the mean and median TTM P/E ratios of 10.1 times and 9.7 times respectively;
- (e) The premium of 5.4% implied by the Offer Consideration over the VWAP of the Shares for the 1-month period prior to the Offer Announcement Date is within the range of the premium for the Precedent Privatisation Transactions of between 3.9% and 133.6%;
- (f) The premium of 5.1% implied by the Offer Consideration over the VWAP of the Shares for the 3-month period prior to the Offer Announcement Date is within the range of the (discount) / premium for the Precedent Privatisation Transactions of between (3.4)% and 146.8%;
- (g) As set out in the Offer Document, the Offeror and its concert parties hold an aggregate of 63.0% interest in the Shares and has received Irrevocable Undertakings from the Undertaking Shareholders (which includes FEM), holding approximately 85.2% of the total number of Shares in the Company, who will tender all their Shares in acceptance of the Offer. It is therefore highly unlikely that there will be a competing offer from any third party; and
- (h) Shareholders have the option to choose between the Cash Consideration (if they wish to exit their investment) and the Securities Consideration (if they wish to remain vested in the privatised Group). Shareholders who wish to elect for the Securities Consideration are advised to also consider and evaluate carefully the “Risk Factors” set out in Appendix 4 to the Offer Document carefully.

Factors against the Offer Consideration:

- (a) The premium of 2.4% implied by the Offer Consideration over the last transacted price of the Shares is below the range of the premium for the Precedent Privatisation Transactions of between 4.4% and 122.9%;
- (b) The Offer Consideration is at a discount of approximately 3.2% and 5.5% to the VWAP of the Shares for the 12-month and 6-month periods prior to the Last Trading Day respectively;
- (c) The Offer Consideration at S\$0.42 is higher than the highest closing prices of the Shares for the 1-month period up to and including the Last Trading Day, but lower than the highest closing price of the Shares for the 6-month and 12-month periods up to and including the Last Trading Day; and
- (d) The discount of 5.5% implied by the Offer Consideration over the VWAP of the Shares for the 6-month period prior to the Offer Announcement Date is below the lowest premia for the Precedent Privatisation Transactions of 10.1%.

In view of the above, we are of the opinion that the Offer is **REASONABLE**.

**Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date and subject to the qualifications made herein, we are of the opinion that the financial terms of the Offer are NOT FAIR BUT REASONABLE. On balance of the above factors, we advise the Independent Directors to recommend that Shareholders ACCEPT the Offer, unless they are able to obtain a price higher than the Offer Consideration on the open market (after taking into account the brokerage and related costs in connection with open market transactions).**

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**In addition, minority Shareholders who wish to accept the Offer should elect to receive the Cash Consideration and not the Securities Consideration, unless they are prepared to bear the risk associated with an investment as a minority shareholder of an unlisted privately held company (including those set out in Appendix 4 to the Offer Document).**

Our opinion is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Offer. The recommendation made by the Independent Directors to the Shareholders in relation to the Offer shall remain the responsibility of the Independent Directors.

In rendering our opinion and providing our recommendation, we did not have regard to the specific objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder and we neither assume any responsibility for, nor hold ourselves as advisers to any person other than the Independent Directors. As different Shareholders would have different investment profiles and objectives, we recommend that any Shareholder who may require specific advice in relation to his/her investment portfolio or objectives should consult his/her stock broker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately and not to rely upon our opinion as the sole basis for deciding whether or not to accept the Offer.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Independent Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purpose of the Offer.

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

Yours faithfully,

For and on behalf of  
**W Capital Markets Pte. Ltd.**

**Foo Say Nam**  
Partner  
Head of Advisory

**Sheila Ong**  
Senior Vice President  
Corporate Finance

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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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### 1. DIRECTORS

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

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr Eddy Pratomo	c/o 50 Armenian Street Wilmer Place #03-04 Singapore 179938	<i>Independent Chairman</i>
Mr Hong Kah Ing	c/o 50 Armenian Street Wilmer Place #03-04 Singapore 179938	<i>Executive Director and Chief Executive Officer</i>
Mr Syed Abdel Nasser Bin Syed Hassan Aljunied	c/o 50 Armenian Street Wilmer Place #03-04 Singapore 179938	<i>Executive Director</i>
Mr Giang Sovann	c/o 50 Armenian Street Wilmer Place #03-04 Singapore 179938	<i>Lead Independent Director</i>
Mr Omri Samosir	c/o 50 Armenian Street Wilmer Place #03-04 Singapore 179938	<i>Independent Director</i>

### 2. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is 50 Armenian Street, Wilmer Place #03-04, Singapore 179938.

### 3. PRINCIPAL ACTIVITIES OF THE COMPANY

The Company was incorporated in Singapore on 31 August 2005 and is listed on the Catalist board of the SGX-ST. The principal activities of the Company relate to the carrying on of nickel ore mining operations in Central Sulawesi, Indonesia, using an open pit mining method, which includes the exploration, planning, transportation and stockpiling, delivery and barging, as well as reclamation and rehabilitation works throughout the mine's lifetime.

### 4. SHARE CAPITAL OF THE COMPANY

#### 4.1. Number and Class of Shares

The Company has only one class of Shares, being ordinary shares. The Shares are quoted and listed on the Catalist board of the SGX-ST. As at the Latest Practicable Date, based on a search conducted at the ACRA, the total issued and paid-up share capital of the Company is approximately S\$195,916,201.93 comprising 261,213,792 Shares. The Company does not have any treasury Shares.

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**APPENDIX B – ADDITIONAL GENERAL INFORMATION**

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**4.2. Rights of Shareholders in respect of Capital, Dividends and Voting**

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced in **Appendix F** of this Circular. The Constitution is available for inspection at the registered address of the Company at 50 Armenian Street, Wilmer Place #03-04, Singapore 179938. Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act.

**4.3. Number of Shares issued since the end of the Last Financial Year**

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2021, being the end of the last financial year.

**4.4. Convertible instruments**

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

**5. SUMMARY OF FINANCIAL INFORMATION**

**5.1. Consolidated statements of comprehensive income**

A summary of the audited consolidated statement of comprehensive income of the Group for FY2019, FY2020 and FY2021 and the unaudited financial information of the Group for 1HFY2022 is set out below.

	<b>FY2019</b> <b>(Audited)</b> <b>US\$'000</b>	<b>FY2020</b> <b>(Audited)</b> <b>US\$'000</b>	<b>FY2021</b> <b>(Audited)</b> <b>US\$'000</b>	<b>1HFY2022</b> <b>(Unaudited)</b> <b>US\$'000</b>
Revenue	15,498	475	26,700	22,665
Cost of goods sold	(9,501)	(599)	(15,947)	(11,058)
<b>Gross profit/(loss)</b>	5,997	(124)	10,753	11,607
Other income	237	212	557	13
<b>Expenses</b>				
Selling and distribution expenses	–	–	(629)	(406)
Administrative expenses	(4,952)	(3,267)	(4,401)	(4,116)
Impairment losses on trade and other receivables	–	(41)	(624)	–
Finance costs	(361)	(398)	(787)	(594)
Other expenses	–	–	(1,489)	(209)
<b>Profit/(loss) before tax</b>	921	(3,618)	3,380	6,295
Tax expense	(785)	(23)	(1,037)	(2,125)
<b>Profit/(loss) for the financial year/period</b>	136	(3,641)	2,343	4,170

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**APPENDIX B – ADDITIONAL GENERAL INFORMATION**

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	FY2019 (Audited) US\$'000	FY2020 (Audited) US\$'000	FY2021 (Audited) US\$'000	1HFY2022 (Unaudited) US\$'000
<b>Other comprehensive income/(loss) for the financial year/period, net of tax:</b>				
Remeasurement of post-employment benefits liabilities, net of tax	(32)	(10)	60	–
<b>Total comprehensive income/(loss) for the financial year/period</b>	104	(3,651)	2,403	4,170
	<b>US cents</b>	<b>US cents</b>	<b>US cents</b>	<b>US cents</b>
<b>Earnings/(loss) per share</b>				
Attributable to equity holders of the Company				
- Basic	0.10	(1.39)	0.90	1.60
- Diluted	0.10	(1.39)	(0.14)	0.42

The above summary should be read together with the annual reports of the Company for FY2019, FY2020 and FY2021 and relevant financial statements, copies of which are available for inspection at the registered office of the Company at 50 Armenian Street, Wilmer Place #03-04, Singapore 179938 during normal business hours.

The unaudited financial information of the Group for 1HFY2022 is set out in fuller detail in **Appendix E** of this Circular.

## 5.2. Statement of Financial Position

A summary of the audited consolidated statement of financial position of the Group as at 31 December 2021 is set out below.

<b>Group As at 31/12/2021 (Audited) US\$'000</b>	
<b>Non-current assets</b>	
Property, plant and equipment	12,860
Deferred tax assets	387
Receivables	352
	<b>13,599</b>
<b>Current assets</b>	
Inventories	1,637
Receivables and prepayments	10,228
Cash and cash equivalents	9,457
	<b>21,322</b>
<b>Total assets</b>	<b>34,921</b>
<b>Non-current liabilities</b>	
Liabilities for post-employment benefits	583
Lease liabilities	186
Provisions	873
	<b>1,642</b>

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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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<b>Current liabilities</b>	
Payables and accruals	4,272
Lease liabilities	179
Tax payables	1,873
Borrowings	701
Exchangeable bond	15,070
	<u>22,095</u>
<b>Total liabilities</b>	<u>23,737</u>
<b>Net assets</b>	<u>11,184</u>
<b>Equity</b>	
Share capital	8,979
Accumulated profits	2,205
<b>Total equity</b>	<u>11,184</u>

The above summary should be read together with the annual report for FY2021 and the audited consolidated statements of financial position of the Group for FY2021, which are set out in **Appendix D** of this Circular, and the related notes thereto.

### 5.3. Significant Accounting Policies

The financial statements, presented in United States dollar, which is the Company's functional currency and all financial information presented in United States dollar are rounded to the nearest thousand (US\$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act and Singapore Financial Reporting Standards (International). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies. A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2021, which are reproduced in **Appendix D** of this Circular.

Save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited consolidated financial statements of the Group for FY2021 and that contained in the unaudited financial information of the Group for 1HFY2022), there are no significant accounting policies or any points from the notes to the financial statements which are of major relevance for the interpretation of the accounts.

### 5.4. Changes in Accounting Policies

The Group has applied the same accounting policies and methods of computation as with those in the audited consolidated financial statements of the Group for FY2021 and there are no changes in the accounting policies of the Group which will cause the figures set out in this paragraph 5 of this **Appendix B** not to be comparable to a material extent.

## 6. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular and publicly available information on the Company (including but not limited to announcements released by the Company in respect of its financial results such as the unaudited financial information of the Group for 1HFY2022 as announced on 8 August 2022 and set out in **Appendix E** of this Circular), there are no known material changes in the financial position of the Company as at the Latest Practicable Date since 31 December 2021, being the date to which the Company's last published audited financial statements were made up.

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**APPENDIX B – ADDITIONAL GENERAL INFORMATION**

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**7. DISCLOSURE OF INTERESTS OF THE COMPANY AND THE DIRECTORS**

**7.1. Shareholdings and dealings**

As at the Latest Practicable Date:

- (a) the Company does not have any direct or deemed interests in any Offeror Securities;
- (b) save as disclosed below and in this Circular, none of the Directors has any direct or deemed interests in any Offeror Securities:

*Interests in Offeror Securities*

Name	Direct Interest		Deemed Interest	
	No. of ordinary shares in the capital of the Offeror	% <sup>(1)</sup>	No. of ordinary shares in the capital of the Offeror	% <sup>(1)</sup>
Mr Nasser Aljunied	2	100	-	-

**Note:**

- (1) Based on an issued and paid-up share capital of S\$2 comprising 2 ordinary shares as at the Latest Practicable Date.

- (c) each of the Company and the Directors have not dealt for value in any Offeror Securities during the Relevant Period;
- (d) save as disclosed below and in this Circular, none of the Directors has any direct or deemed interests in any Company Securities:

*Interests in Shares*

Name	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Mr Hong Kah Ing <sup>(2)</sup>	-	-	162,318,253	62.1
Mr Nasser Aljunied <sup>(2)</sup>	-	-	162,318,253	62.1

**Notes:**

- (1) Based on 261,213,792 Shares (with no treasury Shares) in issue as at the Latest Practicable Date, rounded to the nearest one decimal place.
- (2) Each of Mr Hong Kah Ing and Mr Nasser Aljunied is deemed to be interested in the 162,318,253 Shares held by Far East Mining Pte. Ltd., pursuant to the SFA.

- (e) none of the Directors has dealt for value in any Company Securities during the Relevant Period.

**7.2. Directors' intentions in relation to the Offer**

As at the Latest Practicable Date, Mr Hong Kah Ing and Mr Nasser Aljunied have procured the acceptance of the Offer in respect of all their deemed interest in the 162,318,253 Shares held by Far East Mining Pte. Ltd., representing 62.1% of the total number of issued Shares as at the

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## APPENDIX B – ADDITIONAL GENERAL INFORMATION

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Latest Practicable Date, pursuant to the Irrevocable Undertaking given by Far East Mining Pte. Ltd. to the Offeror, as referred to in Section 4 of this Circular.

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

### 7.3. Directors' Service Contracts

As at the Latest Practicable Date, (a) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (b) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the period between the start of six months preceding the Offer Announcement Date and the Latest Practicable Date.

### 7.4. Arrangements affecting directors

As at the Latest Practicable Date:

- (a) there are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Irrevocable Undertakings, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save as disclosed in paragraph 7 (*Disclosure of Interests of the Company and the Directors*) of this **Appendix B**, and the Irrevocable Undertaking, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

## 8. DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

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

## 9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

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

## 10. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

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## APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

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The following information on the Offeror has been extracted from Appendix 3 of the Offer Document and set out below.

### "1. DIRECTORS

*The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:*

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr Hong Kah Ing	Ruko Citraland Marina Walk, BB3/27 Ruko Transway Avenue Blok CCI, JL RE Martadinata Tondo Kota Palu, Sulawesi Tengah 94148	Director
Mr Syed Abdel Nasser Bin Syed Hassan Aljunied	36 Armenian Street, #04-04, Singapore 179934	Director
Mr Tay Lee Chye Lester	10 Lorong Abu Talib, Singapore 456846	Director

### 2. PRINCIPAL ACTIVITIES

*The Offeror is a company incorporated in Singapore on 10 February 2022 for the purposes of investment holding. The principal activity of the Offeror is that of an investment holding company.*

### 3. SHARE CAPITAL

#### 3.1 **Share Capital.** *As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2 comprising two Offeror Shares, all of which are held by Mr Nasser Aljunied, the sole shareholder of the Offeror as at the Latest Practicable Date.*

*Save for the issuance of two (2) Offeror Shares at S\$1.00 each to each of Kamille Teo Wei Wei and Lim Libin, Nora on 10 February 2022, no new Offeror Shares have been issued since its incorporation on 10 February 2022.*

*Each of Kamille Teo Wei Wei and Lim Libin had, on 5 May 2022, transferred one (1) Offeror Share, for a consideration of S\$1.00, to Mr Nasser Aljunied (the "**Offeror Share Transfers**"). Save for the Offeror Share Transfers, no securities in the Offeror have been sold during the period between the date of incorporation of the Offeror and the Latest Practicable Date.*

*For illustration purposes only, the possible resultant shareholdings of the Offeror immediately following settlement of all acceptances received under the Offer are set out below.*

#### (i) **Scenario A – All Cash Consideration**

*Assuming that (a) all Shareholders accept the Offer in respect of all their Offer Shares, and (b) **only** the Securities Consideration Undertaking Shareholders elect to receive the Securities Consideration, and no other Shareholders elect to receive the Securities*

**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

Consideration, the resultant shareholdings of the Offeror following settlement of the Offer Consideration in full will be as follows:

<b>Name of Offeror Shareholder</b>	<b>Number of Issued Offeror Shares</b>	<b>Percentage of Issued Offeror Shares (%)<sup>(1)</sup></b>
Mr Nasser Aljunied	2	n.m. <sup>(2)</sup>
FEM	162,318,253	76.0
Other Securities Consideration Undertaking Shareholders	51,139,748	24.0
<b>Total</b>	<b>213,458,003</b>	<b>100.0</b>

**Notes:**

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

**(ii) Scenario B – All Securities Consideration**

Assuming that all Shareholders accept the Offer and elect to receive the Securities Consideration (save for the Undertaking Shareholder who has undertaken to elect to receive the Cash Consideration for all his Offer Shares pursuant to his Irrevocable Undertakings (the "**Cash Consideration Undertaking Shareholder**")), the resultant shareholdings of the Offeror following settlement of the Offer Consideration in full will be as follows:

<b>Name of Offeror Shareholder</b>	<b>Number of Issued Offeror Shares</b>	<b>Percentage of Issued Offeror Shares (%)<sup>(1)</sup></b>
Mr Nasser Aljunied	2	n.m. <sup>(2)</sup>
FEM	162,318,253	64.4
Other Securities Consideration Undertaking Shareholders	51,139,748	20.3
All other Shareholders (save for the Cash Consideration Undertaking Shareholder)	38,559,653	15.3
<b>Total</b>	<b>252,017,656</b>	<b>100.0</b>

**Notes:**

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

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## APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

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

**3.2 Offeror Shares.** *The Offeror Shares (including the New Offeror Shares) will not be listed on any securities exchange when allotted and issued on settlement of the Securities Consideration or as at the close of the Offer.*

*The Offeror has only one class of ordinary shares. The New Offeror Shares to be issued pursuant to acceptances of the Offer at the Securities Consideration will, on issue, be duly authorised, fully paid up and validly allotted and issued, and free from all Encumbrances and ranking pari passu in all respects with all other Offeror Shares as at the date of their issue.*

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

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

**3.5 Rights of Shareholders of the Offeror.** *The rights of the shareholders of the Offeror in respect of capital, dividends and voting are set out in the Offeror Constitution, a copy of which is available for inspection during the normal business hours at the registered office of the Offeror at 36 Armenian Street, #04-04, Singapore 179934 for the period which the Offer remains open for acceptance.*

*For ease of reference, selected texts of the Offeror Constitution have been reproduced, without amendment, below. The capitalised terms in this paragraph which are not otherwise defined shall bear the same meanings as ascribed to them in the Offeror Constitution. The following provisions of the Offeror Constitution relate to:*

### **Rights of the shareholders of the Offeror in respect of capital**

#### **ALTERATION OF SHARE CAPITAL**

11. (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this article 11(A).*
- Offer of new shares to members*

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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	(B)	<i>Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Statutes and of this Constitution with reference to allotments, payment of calls, liens, transfers, transmissions, forfeiture and otherwise.</i>	<i>New shares subject to the Statutes and this Constitution</i>
11A.		<i>Notwithstanding anything contained in this Constitution, no shares nor any class of shares for the time being forming part of the share capital of the Company which have been pledged, mortgaged or charged from time to time, to any bank, institution or person (or any nominee, agent or trustee of or on behalf of such bank, institution or person) shall be subject to any consolidation, division, cancellation or subdivision in any way or manner without the prior written consent of such bank, institution or person (or, as the case may be, such nominee, agent or trustee of or on behalf of such bank, institution or person).</i>	
12.	(A)	<i>The Company may by Ordinary Resolution:</i>	<i>Power to consolidate, subdivide and redenominate shares</i>
	(a)	<i>consolidate and divide all or any of its shares;</i>	
	(b)	<i>subdivide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes and this Constitution), and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares;</i>	
	(c)	<i>subject to the provisions of this Constitution and the Statutes, convert its share capital or any class of shares from one currency to another currency; and</i>	
	(d)	<i>cancel the number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person or which have been forfeited, and diminish the amount of its share capital by the number of the shares so cancelled.</i>	
	(B)	<i>The Company may by Ordinary Resolution (or, if required by the Statutes, Special Resolution), subject to and in accordance with the Statutes, convert one class of shares into another class of shares.</i>	<i>Power to convert shares</i>

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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|-----|-----|--|-----------------------------------|
| 13. | (A) | <i>The Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.</i>  | <i>Power to reduce capital</i>    |
|     | (B) | <i>The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.</i> | <i>Power to repurchase shares</i> |
|     | (C) | <i>The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.</i>   | <i>Treasury shares</i>            |

**Restrictions attaching to the transfer of Offeror Shares**

**RESTRICTION ON TRANSFER OF SHARES**

- |     |   |                                       |
|-----|---|---------------------------------------|
| 38. | <i>Subject to the Act and the restrictions set out in this Constitution (including Regulations 43A and 43B), any member may transfer all or any of his shares, but every transfer must be in writing and in the usual or common form, or in any other form which the Directors may approve. The instrument of transfer of a share shall be signed both by the transferor and by the transferee, and by the witness or witnesses thereto. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. Shares of different classes shall not be comprised in the same instrument of transfer.</i> | <i>Form and execution of transfer</i> |
|-----|---|---------------------------------------|



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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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*some other per-son on his behalf, the authority of the per-son so to do.*

- (C) *For the purpose of Regulation 42(B), any any bank, institution or person (or any nominee, agent or trustee of or on behalf of such bank, institution or person) to whom any shares have been pledged, mortgaged or charged by way of security shall not be required to pay any fee and shall not be required to provide any evidence to prove its title to such shares or to prove the right of the transferor to make the transfer of such shares other than the certificate of the shares to be transferred.*
- (D) *Notwithstanding anything contained in this Constitution (including but not limited to Regulation 38 to Regulation 43 (inclusive) of this Constitution), the directors shall not decline to register any transfer of shares which have been pledged, mortgaged, charged or otherwise transferred by way of security to any bank, institution or person (or any nominee, agent or trustee of or on behalf of such bank, institution or person) nor may they suspend registration thereof, nor shall they decline to accept any instrument of transfer, where such transfer is requested by such bank, institution or person (or such nominee, agent or trustee), pursuant to the power of sale under such security, and a certificate by any officer of such bank, institution or person (or such nominee, agent or trustee) that the shares were so pledged, mortgaged or charged and the transfer was so requested shall be conclusive evidence of such facts.*

43.           *The Company may provide a book to be called “Register of Transfers” which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer of shares.*           Register of Transfers

43A.       (A)   *In the event any member(s) holding, either singly or collectively, at least 50 per cent. of the shares (the “Majority Shareholder(s)”), desire to transfer all of their shares to any third party (the “Tag-Along Purchaser”), and the Majority Shareholder(s) do not issue a Drag- Along Notice under article 43B, the Majority Shareholder(s) shall give notice in writing (the “Tag- Along Notice”) to the Company of such desire and the Company shall forthwith provide written notice of the same to each of the other members of such desire. The Tag-Along Notice shall specify the name of the Tag-Along Purchaser to whom the Majority Shareholder(s) propose to transfer such shares, the number and class of shares proposed to be transferred, the price and other terms and conditions of such transfer and enclose an offer (the “Tag- Along Offer”) dated the date of the Tag-Along*           Tag-Along Right

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APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

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*Notice made by the Tag-Along Purchaser to the other members to purchase all of the shares held by such other members at such time, on terms and conditions (including price) no less favourable to the other members than those available to the Majority Shareholder(s). Each other member (if it so desires) may accept the Tag-Along Offer made to it by serving on the Tag-Along Purchaser (with a copy to the Company and the Majority Shareholder(s)) notice in writing of its acceptance within 14 days of the date of the Tag-Along Offer.*

- (B) *If any other member accepts the Tag-Along Offer within the said 14-day period, completion of the sale and purchase of the shares held by such other member and completion of the sale and purchase of the shares held by the Majority Shareholder(s) shall take place within 30 days following the expiry of the said 14-day period at the registered office of the Company and on such date within such 30-day period as the Majority Shareholder(s) and the Tag-Along Purchaser shall agree in writing and notified in writing to the Company and the Company shall forthwith provide written notice of the same to the relevant member.*

- 43B. (A) *In the event the Majority Shareholder(s) desire to transfer all of their shares to any third party (the “**Drag-Along Purchaser**”), the Majority Shareholder(s) shall be entitled to, by notice in writing (the “**Drag-Along Notice**”) to the Company (and the Company shall forthwith provide written notice of the same to each of the other members (the “**Dragged-Along Shareholders**”)), require the Dragged-Along Shareholders to sell to the Drag-Along Purchaser all of such Dragged-Along Shareholders’ Shares at the same price and on the same terms and conditions as those offered to the Majority Shareholder(s).* Drag-Along Right

- (B) *Completion of the sale and purchase of the shares held by the Majority Shareholder(s), and completion of the sale and purchase of the shares held by the Dragged-Along Shareholders shall take place within 30 days of the date of the Drag-Along Notice at such place and on such date within such 30-day period as the Majority Shareholder(s) and the Drag-Along Purchaser shall agree and notified in writing by the Majority Shareholder(s) to the Company and the Company shall forthwith provide written notice of the same to the Dragged-Along Shareholders.*

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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43C. *Notwithstanding anything contained in this Constitution, the terms of Regulations 43A and 43B do not apply in respect of any transfer of any shares which have been pledged, mortgaged, charged or otherwise transferred by way of security to any bank, institution or person (or any nominee, agent or trustee of or on behalf of such bank, institution or person) where that transfer is being carried out by way of, or in connection with, the enforcement of such pledge, mortgage, charge or other transfer by way of security.*

**Rights of the shareholders of the Offeror in respect of dividends**

**DIVIDENDS**

- |          |  |   |
|----------|--|---|
| 114.     | <i>The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.</i>   | <i>Declaration of dividends</i>         |
| 115.     | <i>If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.</i> | <i>Fixed and Interim dividends</i>      |
| 116.     | <i>Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act, all dividends in respect of shares shall be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares.</i>  | <i>Apportionment of dividends</i>       |
|          | <i>For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.</i>  |   |
| 117. (A) | <i>No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.</i>  | <i>Dividends payable out of profits</i> |
| (B)      | <i>No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.</i>   | <i>No interest on dividends</i>         |
| 118.     | <i>The Directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.</i>  | <i>Deduction from dividends</i>         |

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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119. (A)	<i>The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.</i>	<i>Retention of dividends on shares subject to lien</i>
(B)	<i>The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.</i>	<i>Retention of dividends pending transmission</i>
120.	<i>The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.</i>	<i>Unclaimed dividends or other moneys</i>
121.	<i>The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.</i>	<i>Payment of dividend in specie</i>

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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| 122. | <i>Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.</i> | <i>Dividends payable by cheque or warrant</i> |
| 123. | <i>If two or more persons are registered in the Register of Members as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.</i>  | <i>Payment of dividends to joint holders</i>  |

**Rights of the shareholders of the Offeror in respect of meetings and votings**

**NOTICE OF GENERAL MEETINGS**

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| 50. | <i>Subject to the provisions of the Act relating to Special Resolutions and agreements to shorter notice, 14 days' notice at the least (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to all members and such persons as are under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:</i> | <i>Notice of General Meeting</i> |
|     | (a) <i>in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and</i>  |                                  |
|     | (b) <i>in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting</i>   |                                  |

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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*rights of all the members having a right to vote at that meeting,*

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

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| 51. | <p>(A) <i>Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company. Where the Company has one or more classes of shares that confer special, limited or conditional voting rights, or that confer no voting rights, the notice shall also specify the special, limited or conditional voting rights, or the absence of voting rights, in respect of each such class of shares.</i></p> <p>(B) <i>In the case of an Annual General Meeting, the notice shall also specify the meeting as such.</i></p> <p>(C) <i>In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.</i></p> | <p><i>Contents of notice for General Meeting</i></p> <p><i>Contents of notice for Annual General Meeting</i></p> <p><i>Notice of General Meeting for special business and Special Resolutions</i></p> |
| 52. | <p><i>Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:</i></p> <p>(a) <i>declaring a dividend;</i></p> <p>(b) <i>receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements;</i></p> <p>(c) <i>appointing or re-appointing the Auditor;</i></p> <p>(d) <i>fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and</i></p> <p>(e) <i>fixing the remuneration of the Directors proposed to be paid in respect of their office as such under article 78 and/or article 79.</i></p>   | <p><i>Routine business</i></p>  |

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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**PROCEEDINGS AT GENERAL MEETINGS**

53. *No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two members present in person shall form a quorum save that:* Quorum
- (a) *in the event of a corporation being beneficially entitled to the whole of the issued shares of the Company, one person representing such corporation shall be a quorum and shall be deemed to constitute a meeting and, if applicable, the provisions of Section 179 of the Act shall apply; and*
- (b) *in the event the Company has only one member, the Company may pass a resolution by that member recording the resolution and signing the record in accordance with the provisions of Section 184G of the Act.*
- For the purpose of this article, “member” includes a person attending by proxy or by attorney or other duly authorised representative.*
- Provided always that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and (ii) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum.*
54. *If within 30 minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or to such other day, and at such other time and place as the Directors may determine. If at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved. No notice of any such adjournment as aforesaid shall be required to be given to the members.* If quorum not present, adjournment or dissolution of meeting

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55.	<i>Subject to the provisions of the Act, the members may participate in a General Meeting by means of a conference telephone or a video conference telephone or similar communications equipment by which all persons participating in the General Meeting are able to hear and be heard by all other members without the need for a member to be in the physical presence of another member(s) and participation in the General Meeting in this manner shall be deemed to constitute presence in person at such meeting. The members participating in any such General Meeting shall be counted in the quorum for such General Meeting and subject to there being a requisite quorum under this Constitution, all resolutions agreed by the members in such General Meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held. A General Meeting conducted by means of a conference telephone or a video conference telephone or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the members attending the General Meeting, provided that at least one of the members present at the General Meeting was at that place for the duration of the General Meeting.</i>	<i>General Meeting via conference telephone, video conference telephone or similar communications equipment</i>
56.	<p>(A) <i>Subject to any additional requirements as may be imposed by the Act or this Constitution, all resolutions of the members shall be adopted by a simple majority vote of the members present and voting.</i></p> <p>(B) <i>If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.</i></p>	<p>Voting</p> <p>Amendment of resolutions</p>
57.	<p><i>Subject to the provisions of the Act:</i></p> <p>(a) <i>a Special Resolution may be passed by written means if the resolution indicates that it is a Special Resolution and if it has been formally agreed on any date by one or more members who on that date represent at least 75 per cent. of the total voting rights of all members who on that date would have the right to vote on that resolution at a General Meeting of the Company; and</i></p>	<i>Resolutions in writing</i>

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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(b) *an Ordinary Resolution is passed by written means if the resolution does not indicate that it is a Special Resolution and if it has been formally agreed on any date by one or more members who on that date represent a majority of the total voting rights of all members who on that date would have the right to vote on that resolution at a General Meeting of the Company.*

*A Special or Ordinary Resolution passed by written means may consist of several documents in the like form each signed by one or more of the members who have the right to vote on that resolution at a General Meeting of the Company. The expressions “by written means” and “signed” include approval by any such member by telefax or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors. For the purpose of this article, “member” includes a person signing by proxy or by attorney or as representing a corporation which is a member.*

58. *The Chairman of the Board of Directors, failing whom the Deputy Chairman, if any, shall preside as chairman at every General Meeting. If there is no such Chairman or Deputy Chairman, or if at any meeting neither is present within 10 minutes after the time appointed for the holding of the meeting and willing to act, the Directors present shall choose one of their number, or if no Director is present or if all the Directors present decline to take the chair, the members present shall choose one of their number, to be chairman of the meeting.* *Chairman of General Meeting*
59. *The chairman of any General Meeting at which a quorum is present may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more or sine die, notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.* *Business at adjourned meeting*

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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60.	<p><i>At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:</i></p> <p>(a) <i>by the chairman of the meeting; or</i></p> <p>(b) <i>by any member present in person or by proxy or by attorney or other duly authorised representative and entitled to vote at the meeting.</i></p> <p><i>A demand for a poll made pursuant to this article may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.</i></p>	<i>Method of voting</i>
61.	<p><i>If a poll is duly demanded, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may, <u>or</u> if so directed by the meeting shall, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.</i></p>	<i>Taking a poll</i>
62.	<p><i>A poll demanded on the election of a chairman or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately.</i></p>	<i>Timing for taking a poll</i>
63.	<p><i>In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.</i></p>	<i>Casting vote of chairman</i>

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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**VOTES OF MEMBERS**

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| 64. | <p><i>Subject and without prejudice to any special rights or restrictions as to voting for the time being attached to any class or classes of shares for the time being forming part of the capital of the Company and to article 13(c), each member entitled to vote may vote in person or by proxy or by attorney or other duly authorised representative. Every member who is present in person or by proxy, or by attorney or other duly authorised representative shall:</i></p> <p style="margin-left: 40px;">(a) <i>on a show of hands, have one vote, Provided always that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote on a show of hands; and</i></p> <p style="margin-left: 40px;">(b) <i>on a poll, have one vote for each share which he holds or represents.</i></p> | <p><i>How members may vote</i></p>                   |
| 65. | <p><i>In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy or by attorney or other duly authorised representative, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the share.</i></p>  | <p><i>Voting rights of joint holders</i></p>         |
| 66. | <p><i>Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy or by attorney or other duly authorised representative at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.</i></p>  | <p><i>Voting in the event of mental disorder</i></p> |

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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67.	<i>No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at any General Meeting either personally or by proxy or by attorney or other duly authorised representative, or to exercise any other right conferred by membership in relation to meetings of the Company, unless all calls or other sums presently payable by him to the Company in respect of such shares have been paid.</i>	<i>Entitlement of members to vote</i>
68.	<i>No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.</i>	<i>When objection to admissibility of votes may be made</i>
69.	<i>On a poll, votes may be given either personally or by proxy or by attorney or other duly authorised representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.</i>	<i>Votes on a poll</i>
70.	<p>(A) <i>Except as otherwise provided in the Act, a member may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the instrument of proxy.</i></p> <p>(B) <i>The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.</i></p> <p>(C) <i>A proxy need not be a member of the Company.</i></p>	<p><i>Appointment of proxies</i></p> <p><i>Notes and instructions</i></p> <p><i>Proxy need not be a member</i></p>

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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71.	(A)	<p><i>The instrument appointing a proxy shall be in writing and:</i></p> <p style="margin-left: 20px;"><i>(a) in the case of an individual, shall be:</i></p> <p style="margin-left: 40px;"><i>(i) signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or</i></p> <p style="margin-left: 40px;"><i>(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and</i></p> <p style="margin-left: 20px;"><i>(b) in the case of a corporation, shall be:</i></p> <p style="margin-left: 40px;"><i>(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, if the instrument is delivered personally or sent by post; or</i></p> <p style="margin-left: 40px;"><i>(ii) authorised by that corporation, through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.</i></p> <p style="margin-left: 40px;"><i>The Directors may, for the purposes of articles 71(A)(a)(ii) and 71(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by the use of such procedures shall be deemed not to have been received by the Company.</i></p>	<p><i>Execution of proxies</i></p>
	(B)	<p><i>The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 72(A), failing which the instrument may be treated as invalid.</i></p>	<p><i>Witness and authority</i></p>

**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

<p>(C) <i>The Directors may, in their absolute discretion:</i></p> <p>(a) <i>approve the method and manner for an instrument appointing a proxy to be authorised; and</i></p> <p>(b) <i>designate the procedure for authenticating an instrument appointing a proxy,</i></p> <p><i>as contemplated in articles 71(A)(a)(ii) and 71(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), article 71(A)(a)(i) and/or (as the case may be) article 71(A)(b)(i) shall apply.</i></p>	<p><i>Directors may approve method and manner, and designate procedure, for electronic communications</i></p>
<p>(D) <i>The instrument appointing a proxy shall be in the following form with such variations, if any, as circumstances may require or in any other form which the Directors may approve:</i></p>	<p><i>Form of proxies</i></p>
<p><i>“Horowitz Capital Ltd.</i></p> <p><i>I/We*, [name(s)], of [address(es)], being a member/members* of the abovenamed Company, appoint [name] of [address], or failing him/her*, [name] of [address], as my/our* proxy to vote for me/us* on my/our* behalf at the [Annual or Extraordinary, as the case may be] General Meeting of the Company, to be held on [date], and at any adjournment of the meeting.</i></p> <p><i>Signed on [date].</i></p>	
<p><i>*Delete whichever is not applicable.”</i></p>	
<p>72. (A) <i>The instrument appointing a proxy or the power of attorney or other authority, if any:</i></p> <p>(a) <i>if sent personally or by post, shall be deposited at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or adjourned meeting (or, if no place is so specified, at the Office); or</i></p>	<p><i>Deposit of proxies</i></p>

**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

*(b) if submitted by electronic communication, shall be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or adjourned meeting,*

*and in either case, not less than 72 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default the instrument of proxy shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy or the power of attorney or other authority, if any, relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this article 72 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.*

*(B) The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 72(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), article 72(A)(a) shall apply.* *Directors may specify means for electronic communications*

73. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.* *Rights of proxies*

74. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy was given. Provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.* *Intervening death or mental disorder*

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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**CORPORATION ACTING BY REPRESENTATIVES**

75. *In accordance with the provisions of Section 179 of the Act, any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall, in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be personally present at any such meeting if the person so authorised is present thereat.*
- Corporations acting by representatives*

**NOTICES**

130. (A) *Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.*
- Service of notices*
- (B) *Without prejudice to the provisions of article 130(A), but subject otherwise to the Act and any regulations made thereunder relating to electronic communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company, or by the Directors, to a member may be given, sent or served using electronic communications:*
- Electronic communications*
- (a) *to the current address of that person; or*
- (b) *by making it available on a website prescribed by the Company from time to time,*
- in accordance with the provisions of this Constitution, the Act and/or any other applicable regulations or procedures.*

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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<p>(C) <i>For the purposes of article 130(B) above, a member shall be deemed to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.</i></p>	<p><i>Implied consent</i></p>
<p>(D) <i>Notwithstanding article 130(C) above, the Directors may, at their discretion, at any time by notice in writing give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.</i></p>	<p><i>Deemed consent</i></p>
<p>(E) <i>Where a notice or document is given, sent or served by electronic communications:</i></p> <p style="margin-left: 20px;">(a) <i>to the current address of a person pursuant to article 130(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non- delivery or “returned mail” reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under the Act and/or any other applicable regulations or procedures; and</i></p> <p style="margin-left: 20px;">(b) <i>by making it available on a website pursuant to article 130(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Act and/or any other applicable regulations or procedures.</i></p>	<p><i>When notice given by electronic communications deemed served</i></p>

**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

	<p>(F) <i>Where a notice or document is given, sent or served to a member by making it available on a website pursuant to article 130(B)(b), the Company shall give separate notice to the member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means:</i></p> <p>(a) <i>by sending such separate notice to the member personally or through the post pursuant to article 130(A);</i></p> <p>(b) <i>by sending such separate notice to the member using electronic communications to his current address pursuant to article 130(B)(a); and/or</i></p> <p>(c) <i>by way of advertisement in the daily press.</i></p>	<p><i>Notice to be given of service on website</i></p>
	<p>(G) <i>Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written.</i></p>	<p><i>Signature on notice</i></p>
	<p>(H) <i>When a given number of days' notice or notice extending over any other period is required to be given the day of service shall not, unless it is otherwise provided or required by this Constitution or by the Act, be counted in such number of days or period.</i></p>	<p><i>Day of service not counted</i></p>
	<p>(I) <i>The provisions in this article 130 shall apply mutatis mutandis to notices of meetings of Directors or any committee of Directors.</i></p>	<p><i>Notice of meetings of Directors or any committee of Directors</i></p>
131.	<p><i>Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members in respect of the share shall be sufficient notice to all the joint holders in their capacity as such.</i></p>	<p><i>Service of notices in respect of joint holders</i></p>
132.	<p><i>A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company an address for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or</i></p>	<p><i>Service of notices after death, bankruptcy, etc.</i></p>

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**APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR**

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*left at the address of any member or given, sent or served to any member using electronic communications in pursuance of this Constitution shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member in the Register of Members as sole or first-named joint holder.*

- |      |     |  |  |
|------|-----|--|--|
| 133. | (A) | <p><i>Notice of every General Meeting shall be given in the manner hereinbefore authorised to:</i></p> <p>(a) <i>every member;</i></p> <p>(b) <i>every person entitled to a share in consequence of the death or bankruptcy or otherwise of a member who but for the same would be entitled to receive notice of the meeting; and</i></p> <p>(c) <i>the Auditor.</i></p> | <p><i>Persons entitled to receive notices of General Meeting</i></p> |
|      | (B) | <p><i>No other person shall be entitled to receive notices of General Meetings.</i></p>  |  |

**WINDING UP**

- |      |  |   |  |
|------|--|---|--|
| 134. |  | <p><i>The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.</i></p>  | <p><i>Power to present winding up petition</i></p> |
| 135. |  | <p><i>If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of an Ordinary Resolution (or, if required by the Statutes, a Special Resolution), divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of the same kind or not, and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other securities in respect of which there is a liability.</i></p> | <p><i>Distribution of assets in specie</i></p>     |

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## APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

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136.	<i>In the event of a winding up of the Company every member of the Company who is not for the time being in Singapore shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such member for all purposes, and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in any leading daily newspaper in the English language in circulation in Singapore or by a registered letter sent through the post and addressed to such member at his address as appearing in the Register of Members, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.</i>	Member outside Singapore
<b>4.</b>	<b>FINANCIAL INFORMATION</b>	
	<i>As the Offeror was incorporated on 10 February 2022, no audited or unaudited financial statements of the Offeror have been prepared to date.</i>	
	<i>As no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date, there are no significant accounting policies to be noted.</i>	
<b>5.</b>	<b>MATERIAL CHANGES IN FINANCIAL POSITION</b>	
	<i>Save as a result of the making and financing of the Offer, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Offeror since its incorporation.</i>	
<b>6.</b>	<b>REGISTERED AND PRINCIPAL OFFICE</b>	
	<i>The registered office of the Offeror is situated at 36 Armenian Street, #04-04, Singapore 179934. The Offeror does not have a principal office in Singapore.</i>	
<b>7.</b>	<b>INDEBTEDNESS</b>	
<b>7.1</b>	<i>In connection with the Offer, the Offeror has entered into a facility agreement with TAIGOF Credit Opportunities Limited as original lender, and Madison Pacific Trust Limited (the “Agent”), as agent and security agent. Under the facility agreement (the “Facility Agreement”), a United States dollar loan facility has been made available to the Offeror, which may be utilised for the purposes of, inter alia, funding the Offeror in connection with the Offer (the “Facility”).</i>	
<b>7.2</b>	<i>There are certain security arrangements entered into in connection with the Facility made</i>	

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## APPENDIX C – ADDITIONAL INFORMATION ON THE OFFEROR

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available under the Facility Agreement, including security over (i) all the Offeror Shares held by Nasser Aljunied and FEM and (ii) up to 100 per cent. of the Shares acquired by the Offeror post completion of the Offer and the compulsory acquisition, in favour of the Agent, in its capacity as security agent. In addition, certain other security arrangements will be entered into in connection with the Facility, including by the Offeror and PT Teknik Alum Service in favour of the Agent, in its capacity as security agent, and certain guarantees will be entered into in connection with the Facility, including by FEM, the Company, FE Resources Pte. Ltd, PT Anugrah Tambang Sejahtera and PT Teknik Alum Service.

**7.3** There are certain mandatory prepayment events in connection with the Facility made available under the Facility Agreement, including failures by FEM (together with Nasser Aljunied) to maintain a shareholding percentage in the Offeror (i) following settlement of the Offer Consideration in full to the date falling 60 days after the date of intended delisting of the Company, of the higher of (a) 62.1 per cent. and (b) their shareholding percentages in the Offeror and (ii) on and at any time after the date falling 60 days after the date of intended delisting of the Company, of at least 70 per cent.

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

### **8. MATERIAL LITIGATION**

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

### **9. MATERIAL CONTRACTS WITH INTERESTED PERSONS**

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

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**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

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The audited consolidated financial statements of the Group for FY2021 which are set out below have been reproduced from the Company's annual report for FY2021, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in Note 2 to the audited consolidated financial statements of the Group for FY2021 set out below shall have the same meanings given to them in the annual report of the Company for FY2021.

A copy of the annual report of the Company for FY2021 is available for inspection at the registered address of the Company at 50 Armenian Street, Wilmer Place #03-04, Singapore 179938, during normal business hours until the Closing Date.

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**DIRECTORS' STATEMENT**

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Silkroad Nickel Ltd. (the “Company”) and its subsidiaries (the “Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 11 to 67 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International); and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**Directors**

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

Hong Kah Ing  
Syed Abdel Nasser Bin Syed Hassan Aljunied  
Eddy Pratomo  
Omri Samosir  
Giang Sovann

**Arrangement to enable directors to acquire benefits**

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

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

Silkroad Nickel Ltd. and its subsidiaries

**Directors' interests in shares or debentures**

The following directors of the Company, who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings required to be kept under Section 164 of the Act, an interest in shares, share options and debentures of the Company and related corporations, as stated below:

Name of directors and corporations in which interest is held	Number of ordinary shares					
	Shareholdings registered in the name of director			Shareholdings in which the director is deemed to have an interest		
	At 1.1.2021	At 31.12.2021	At 21.1.2022	At 1.1.2021	At 31.12.2021	At 21.1.2022
<b>The Company</b>						
Hong Kah Ing	–	–	–	184,111,555	162,318,253	162,318,253
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	184,111,555	162,318,253	162,318,253
<b>Ultimate holding corporation</b>						
<u>Far East Mining Pte. Ltd.</u>						
Hong Kah Ing	64,308	8,083,618	8,083,618	–	–	–
Syed Abdel Nasser Bin Syed Hassan Aljunied	24,387	3,054,124	3,054,124	–	–	–
<b>Subsidiary corporations</b>						
<u>FE Resources Pte. Ltd.</u>						
Hong Kah Ing	–	–	–	2	2	2
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	2	2	2
<u>PT Anugrah Tambang Sejahtera</u>						
Hong Kah Ing	–	–	–	500,000	500,000	500,000
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	500,000	500,000	500,000
<u>PT Teknik Alum Service</u>						
Hong Kah Ing	25*	25*	25*	2,500	2,500	2,500
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	2,500	2,500	2,500
<u>Silkroad Metal Industries Pte. Ltd.</u>						
Hong Kah Ing	–	–	–	100	100	100
Syed Abdel Nasser Bin Syed Hassan Aljunied	–	–	–	100	100	100

\* Mr Hong Kah Ing, who holds 1% equity interest in this subsidiary has executed a deed of assignment and a power of attorney to assign his shareholder and voting rights in PT Teknik Alum Service to PT Anugrah Tambang Sejahtera.

Silkroad Nickel Ltd. and its subsidiaries

### **Directors' interests in shares or debentures (cont'd)**

The deemed interests of Mr Hong Kah Ing and Mr Syed Abdel Nasser Bin Syed Hassan Aljunied in the shares of the Company are by virtue of their shareholdings in Far East Mining Pte. Ltd., which in turn holds shares in the Company. At 31 December 2021, Far East Mining Pte. Ltd. holds 162,318,253 shares in the Company.

Mr Hong Kah Ing and Mr Syed Abdel Nasser Bin Syed Hassan Aljunied, by virtue of their interests of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiary corporations.

### **Share options**

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

### **Audit and Risk Committee**

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

Giang Sovann (Chairman)  
Eddy Pratomo  
Omri Samosir

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Act and the SGX Listing Manual. Their functions are detailed in the Corporate Governance Report included in this Annual Report.

In performing its functions, the Audit and Risk Committee met with Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by the Group's management to the internal and independent auditors;
- half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions, if any, during the financial year (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

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**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

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Silkroad Nickel Ltd. and its subsidiaries

**Independent auditor**

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Hong Kah Ing  
Director

Syed Abdel Nasser Bin Syed Hassan Aljunied  
Director

14 April 2022

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
SILKROAD NICKEL LTD.**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Silkroad Nickel Ltd. (the “Company”) and its subsidiaries (the “Group”) as set out on pages 11 to 67, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

***Basis for Opinion***

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

***Key Audit Matters***

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

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
SILKROAD NICKEL LTD. (cont’d)**

**Report on the Audit of the Financial Statements (cont’d)**

***Key Audit Matters (cont’d)***

Exchangeable bonds

(Refer to Notes 3 and 20 to the financial statements)

On 28 May 2021, the Group entered into a subscription agreement for issuance of US\$15,000,000 7% exchangeable bonds to a third party, GFL International Co., Limited. On 19 November 2021, the Group has drawdown total proceeds of US\$15,000,000 from the exchangeable bonds facility.

At 31 December 2021, the Group’s exchangeable bonds of US\$15,070,000 represented 63% of the total liabilities of the Group. Management engaged an external valuer to assist with the valuation exercise for the exchangeable bonds at valuation dates including the issue date and reporting date. The exchangeable bonds were allocated between the liability and derivative components. The liability component is recognised initially at fair value and subsequently measured at amortised costs while the derivative components, representing the exchangeable rights and option are recognised at fair value on issue date and any subsequent changes in fair values at the end of reporting period are recognised in profit or loss.

The valuation exercise involves significant judgement and estimates made by external valuer in determining the appropriate valuation methodology and in estimating the fair value of the exchangeable bonds. Significant inputs used in valuation exercise include expected volatility, risk-free rate, risky rate and dividend yield. Accordingly, we determined that this is a key audit matter.

*Our audit procedures to address the key audit matter*

We obtained and reviewed the terms and conditions of the subscription agreement and subsequent supplementary agreements. We assessed the appropriateness of the accounting treatment in accordance with SFRS(I) 9 *Financial Instruments*. We obtained an understanding on the process of the management’s selection of external valuer, the determination of the scope of work of the external valuer, and the review and acceptance of the professional valuation report.

We evaluated the objectivity, qualifications and competence of the external valuer. We involved our internal valuation specialist in the discussion with the external valuer and the management to understand the valuation process on the exchangeable bonds. We assessed the valuation methodology adopted and significant inputs applied by external valuer in the valuation with the assistance of our internal valuation specialist. We also assessed the sensitivity of the valuation amounts to reasonably possible changes in the significant inputs applied.

In addition, we assessed the adequacy and appropriateness of the disclosures made in the financial statements.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
SILKROAD NICKEL LTD. (cont’d)**

**Report on the Audit of the Financial Statements (cont’d)**

***Key Audit Matters (cont’d)***

Impairment assessment of trade receivables

(Refer to Notes 3, 14 and 26(b) to the financial statements)

As at 31 December 2021, the Group’s trade receivables of US\$8,684,000 comprise 3 debtors and represented 41% of the total current assets of the Group.

The Group determines expected credit loss (“ECL”) of trade receivables by applying the simplified approach to measure the lifetime ECL for its trade receivables. These assessments required management to exercise judgement and make estimates with respect to the credit risk of the counterparties, the probability of default and loss given default. The assessment involves considering forward-looking information such as forecasts of future economic conditions and current information to-date such as age of the balances, recent and subsequent payments, expected realisable value of collateral and the credit terms. Accordingly, we determined that this is a key audit matter.

*Our audit procedures to address the key audit matter*

We obtained an understanding of the Group’s processes and key controls relating to the monitoring of trade receivables and assessment of expected credit loss.

We evaluated the assumptions and estimates used by management to determine the ECL through testing the ageing profile of the trade receivables, and reviewing recent and subsequent payments, expected realisable value of collateral and documentary evidence to verify the credit terms and explanations from management to assess the recoverability, where applicable. We assessed the reasonableness of management’s judgement and assumptions applied in the credit loss assessment. We also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021, but does not include the financial statements and our auditor’s report thereon.

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

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

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
SILKROAD NICKEL LTD. (cont’d)**

**Report on the Audit of the Financial Statements (cont’d)**

*Responsibilities of Management and Directors for the Financial Statements*

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

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

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

*Auditor’s Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
SILKROAD NICKEL LTD. (cont’d)**

**Report on the Audit of the Financial Statements (cont’d)**

*Auditor’s Responsibilities for the Audit of the Financial Statements (cont’d)*

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
SILKROAD NICKEL LTD. (cont’d)**

**Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor’s report is Mr Ng Wei Lun.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

14 April 2022

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the financial year ended 31 December 2021**

	Note	2021 US\$'000	2020 US\$'000
Revenue	4	26,700	475
Cost of goods sold		(15,947)	(599)
<b>Gross profit/(loss)</b>		<b>10,753</b>	(124)
Other income	5	557	212
<b>Expenses</b>			
Selling and distribution expenses		(629)	–
Administrative expenses		(4,401)	(3,267)
Impairment losses on trade and other receivables		(624)	(41)
Finance costs	6	(787)	(398)
Other expenses		(1,489)	–
<b>Profit/(loss) before tax</b>	7	<b>3,380</b>	(3,618)
Tax expense	9	(1,037)	(23)
<b>Profit/(loss) for the financial year</b>		<b>2,343</b>	(3,641)
<b>Other comprehensive income/(loss) for the financial year, net of tax:</b>			
Remeasurement of post-employment benefits liabilities, net of tax		60	(10)
<b>Total comprehensive income/(loss) for the financial year</b>		<b>2,403</b>	(3,651)
		<b>US cents</b>	US cents
<b>Earnings/(loss) per share</b>	10		
Attributable to equity holders of the Company			
- Basic		0.90	(1.39)
- Diluted		(0.14)	(1.39)

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

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION  
At 31 December 2021**

		Group		Company	
	Note	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
<b>Non-current assets</b>					
Property, plant and equipment	11	12,860	11,246	37	96
Investment in subsidiaries	12	–	–	66,241	66,241
Deferred tax assets	13	387	248	–	–
Receivables	14	352	357	1,375	–
		<b>13,599</b>	11,851	<b>67,653</b>	66,337
<b>Current assets</b>					
Inventories	15	1,637	4,868	–	2,195
Receivables and prepayments	14	10,228	8,118	2,624	3,051
Cash and cash equivalents		9,457	33	8,659	8
		<b>21,322</b>	13,019	<b>11,283</b>	5,254
<b>Total assets</b>		<b>34,921</b>	24,870	<b>78,936</b>	71,591
<b>Non-current liabilities</b>					
Liabilities for post-employment benefits	16	583	507	–	–
Payables	21	–	756	–	756
Lease liabilities	17	186	39	–	39
Provisions	18	873	808	–	–
Borrowings	19	–	2,062	–	2,062
		<b>1,642</b>	4,172	–	2,857
<b>Current liabilities</b>					
Payables and accruals	21	4,272	9,194	4,276	807
Contract liabilities	22	–	61	–	61
Lease liabilities	17	179	138	40	56
Tax payables		1,873	1,078	17	38
Borrowings	19	701	1,446	–	922
Exchangeable bonds	20	15,070	–	11,162	–
		<b>22,095</b>	11,917	<b>15,495</b>	1,884
<b>Total liabilities</b>		<b>23,737</b>	16,089	<b>15,495</b>	4,741
<b>Net assets</b>		<b>11,184</b>	8,781	<b>63,441</b>	66,850
<b>Equity</b>					
Share capital	23	8,979	8,979	86,387	86,387
Accumulated profits/(losses)		2,205	(198)	(22,946)	(19,537)
<b>Total equity</b>		<b>11,184</b>	8,781	<b>63,441</b>	66,850

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

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the financial year ended 31 December 2021

	Share capital US\$'000	Accumulated (losses)/profits US\$'000	Total equity US\$'000
<b>Group</b>			
Balance at 1 January 2020	8,979	3,453	12,432
Loss for the financial year	–	(3,641)	(3,641)
<i>Other comprehensive loss</i>			
Remeasurement of post-employment benefits liabilities	–	(10)	(10)
Loss and total comprehensive loss for the financial year	–	(3,651)	(3,651)
Balance at 31 December 2020	8,979	(198)	8,781
Profit for the financial year	–	2,343	2,343
<i>Other comprehensive income</i>			
Remeasurement of post-employment benefits liabilities	–	60	60
Profit and total comprehensive income for the financial year	–	2,403	2,403
<b>Balance at 31 December 2021</b>	<b>8,979</b>	<b>2,205</b>	<b>11,184</b>

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

APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**STATEMENT OF CHANGES IN EQUITY**  
For the financial year ended 31 December 2021

	<b>Share capital US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Total equity US\$'000</b>
<b>Company</b>			
Balance at 1 January 2020	86,387	(18,368)	68,019
Loss and total comprehensive loss for the financial year	–	(1,169)	(1,169)
Balance at 31 December 2020	86,387	(19,537)	66,850
Loss and total comprehensive loss for the financial year	–	(3,409)	(3,409)
<b>Balance at 31 December 2021</b>	<b>86,387</b>	<b>(22,946)</b>	<b>63,441</b>

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

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
For the financial year ended 31 December 2021**

	Group	
	2021 US\$'000	2020 US\$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	3,380	(3,618)
Adjustments for:		
Amortisation of discount on provision for assets retirement obligations	15	12
Allowance for impairment losses on trade receivables	609	41
Bad debt written off	15	–
Depreciation of property, plant and equipment	848	889
Fair value gain of derivative liabilities	(160)	–
Modification loss on amounts due to related parties	111	–
Fair value gain on amounts due to related parties	–	(143)
Interest income	(9)	(9)
Interest expense	748	363
Interest expense on lease liabilities	24	23
Loss on disposal of property, plant and equipment	3	88
Post-employment benefits	170	217
Provision for mine reclamation and rehabilitation	61	61
Unrealised foreign exchange (gain)/loss	(16)	8
Costs expensed for evaluation of smelter project	1,489	–
Operating cash flow before working capital changes	7,288	(2,068)
Changes in operating assets and liabilities		
Inventories	3,231	(3,619)
Receivables and prepayments	(2,665)	3,218
Payables and accruals	(5,132)	1,105
Contract liabilities	(61)	61
Cash generated from/(used in) operations	2,661	(1,303)
Interest received	9	9
Taxes paid	(534)	(16)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,136</b>	<b>(1,310)</b>
<b>Cash flows from investing activities</b>		
Deposit for investment to a related party	–	(16)
Net payment on behalf to a related party	–	(86)
Net proceeds from disposal of property, plant and equipment	155	202
Purchases of property, plant and equipment [Note 11(b)]	(2,087)	(101)
Payment for evaluation of smelter project	(1,467)	–
<b>Net cash used in investing activities</b>	<b>(3,399)</b>	<b>(1)</b>

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

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GROUP FOR FY2021**

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)  
For the financial year ended 31 December 2021**

	<b>Group</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
<b>Cash flows from financing activities</b>		
Interest paid	(323)	(246)
Interest paid on lease liabilities	(24)	(23)
Loan received from related parties	–	210
Loans received from third parties	2,698	570
Loan repayment to third parties	(5,221)	–
Net advances from related parties	–	813
Net advances from ultimate holding company	–	90
Repayment to ultimate holding company	(1,205)	–
Repayment of lease liabilities	(238)	(133)
Proceeds from issuance of exchangeable bonds	15,000	–
<b>Net cash generated from financing activities</b>	<b>10,687</b>	1,281
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,424</b>	(30)
Cash and cash equivalents at beginning of financial year	33	64
Effect of exchange rate changes on cash and cash equivalents	–*	(1)
<b>Cash and cash equivalents at end of financial year</b>	<b>9,457</b>	33

\* Less than US\$ 1,000

Cash and cash equivalents are represented by cash and bank balances.

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

**SILKROAD NICKEL LTD. AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the financial year ended 31 December 2021**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1 Corporate information**

The Company (Co. Reg. No. 200512048E) is incorporated and domiciled in Singapore as a limited liability company. The registered office is located at 50 Armenian Street, #03-04, Singapore 179938. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 12.

The immediate and ultimate holding companies is Far East Mining Pte. Ltd., a company incorporated in Singapore.

**2 Summary of significant accounting policies**

**a) Basis of preparation**

The financial statements, presented in United States dollar (“US\$” or “USD”), which is the Company’s functional currency and all financial information presented in United States dollar are rounded to the nearest thousand (US\$’000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

*Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, current receivables, current payables and accruals and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **a) Basis of preparation (cont'd)**

#### *New and revised standards that are adopted*

In the current financial year, the Group and the Company have adopted all the new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s and the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group and the Company.

#### *New and revised standards not yet effective*

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

### **b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group’s previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **b) Basis of consolidation (cont'd)**

Changes in the Company's ownership interest in subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to the equity holders of the Company.

When a change in the Company's ownership interest in subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

### **c) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

### **d) Revenue recognition**

#### *Sales of nickel ore*

The Group sells nickel ore. The Group transfers control and recognises a sale when they deliver goods to the customers. The amount of revenue recognised is the amount of transaction price allocated to the satisfied performance obligation ("PO") as per specified in the contract with no element of financing deemed present. The transaction price determined is the amount of consideration in the contract to which the Group expects to be entitled in exchange for satisfying the PO. A receivable is recognised when the nickel ore are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payment from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

#### *Interest income*

Interest income is recognised using the effective interest method.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **e) Employee benefits**

#### *Employee leave entitlement*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

#### *Post-employment benefits*

Long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits are calculated in accordance with the “Company Regulation” of the subsidiaries in Indonesia which is in line with Labor Law No. 13/2003 in Indonesia.

The obligation for post-employment benefits recognised in the consolidated statement of financial position is calculated at present value of estimated future benefits that the employees have earned in return for their services in the current and prior years, deducted by any plan assets. The calculation is performed by an independent actuary using the projected unit credit method.

When the benefits of a plan change, the portion of the increased or decreased benefits relating to past services by employees is charged or credited to the profit or loss using the straight-line method over the average remaining service period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit or loss. Actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income or loss.

#### *Other long-term employment benefits*

The Group provides other long-term employment benefits in the form of long service leave award which is determined in compliance with the Company Regulation of the subsidiaries in Indonesia. The expected costs of these benefits are calculated and recognised over the year of employment, using a method which is applied in calculating obligation for post-employment benefits. These obligations are calculated minimum once a year by an independent actuary. Other long term employment benefits that are vested are recognised as expense immediately in the profit or loss.

### **f) Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **f) Leases (cont'd)**

#### *When a Group entity is the lessee*

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### *Lease liabilities*

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented as a separate line in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **f) Leases (cont'd)**

#### *When a Group entity is the lessee (cont'd)*

##### *Right-of-use assets (cont'd)*

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and useful life of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within “property, plant and equipment” in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(k).

### **g) Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax is provided on all taxable temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **h) Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation of property, plant and equipment (except for mining properties) is calculated on a straight-line basis to allocate the depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<b>Years</b>
Office premises	1.75 - 3.75
Buildings and infrastructure	20
Vehicles	4 - 8
Machineries	8
Office equipment	3 - 8
Heavy equipment	8 - 16
Lab equipment	4
Renovation	3

No depreciation is provided on construction in progress. Properties in the course of construction for administrative purposes are carried at cost, less any recognised impairment loss until construction is completed. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **h) Property, plant and equipment (cont'd)**

#### *Mining properties*

Mining properties comprise costs incurred in relation to land compensation and exploration and development expenditures when proved reserves are determined.

The mining property balance is amortised using the unit-of-production method based on estimated nickel ore reserves from commencement of commercial production and having regard to the term of the mining business license.

### **i) Mine reclamation and rehabilitation and asset retirement obligations**

Mine reclamation and rehabilitation expenditures are costs associated with mine reclamation during the mine operation period, mine closure and decommissioning and demobilisation of facilities and other closure activities.

Provision for estimated costs of mine reclamation and rehabilitation is recorded on an incremental basis based on the quantity produced. The rate used is subject to a regular review based on mine reclamation and mine closure plans.

The asset retirement obligations are recognised as liabilities when a legal obligation with respect to the retirement of an asset is incurred, with the initial measurement of the obligation at present value. These obligations are accreted to full value over time through charges to profit or loss. In addition, an asset retirement cost equivalent to the liabilities is capitalised as part of the related asset's carrying value and is subsequently depreciated or depleted over the asset's useful life. A liability for an asset retirement obligation is incurred over more than one reporting period. For example, if a facility is permanently closed but the closure plan is developed over more than one reporting period, the cost of the closure of the facility is incurred over the reporting periods when the closure plan is finalised.

For environmental issues that may not involve the retirement of an asset, where the Group is a responsible party and it is determined that a liability exists, and the amount can be quantified, the Group accrues for the estimated liability. In determining whether a liability exists in respect of such environmental issues, the Group applies the criteria for liability recognition under applicable accounting standards, as follows:

- there is clear indication that an obligation has been incurred at the end of the financial reporting period resulting from activities which have already been performed; and
- there is a reasonable basis to calculate the amount of the obligation incurred.

### **j) Inventories**

Nickel inventories represent nickel ore on hand and are valued at the lower of cost and net realisable value. Cost is determined on a weighted-average basis and includes an appropriate allocation of materials, labour, depreciation and overheads related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Nickel pig iron in-transit are stated a cost, determined on a first-in, first-out basis.

Fuel and spare parts are stated at cost, determined using the weighted average method, less allowance for obsolete inventories.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **k) Impairment of non-financial assets excluding goodwill**

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **l) Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

### **m) Financial assets**

#### *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

#### *Classification and measurement*

All financial assets are classified at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **m) Financial assets (cont'd)**

#### *Subsequent measurement*

Debt instruments include cash and cash equivalents and receivables (excluding prepayments and tax recoverable). The financial assets are subsequently measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### *Impairment*

The Group recognises an allowance for expected credit losses (“ECLs”) for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a “12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a “lifetime ECL”).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Offset*

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

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## **2 Summary of significant accounting policies (cont'd)**

### **n) Financial liabilities**

Financial liabilities include payables and accruals (excluding provision for unutilised leave), borrowings, lease liabilities and exchangeable bonds. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit and loss (“FVTPL”), directly attributable transaction costs. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities other than FVTPL, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of financial liabilities at FVTPL are recognised in profit or loss. Net gains or losses on financial liabilities at FVTPL include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

#### *Exchangeable bond*

Exchangeable bond gives the holder the option to exchange the bond for the shares of a subsidiary at a future date and under prescribed conditions. On issuance of the exchangeable bond, the proceeds are allocated between the liability component and derivative components, representing exchangeable right and option.

The liability component is initially recognised at fair value on the issue date and subsequently measured at amortised cost basis using the effective interest method until the liability is extinguished on conversion or redemption.

The derivative components are measured at fair value on the issue date and subsequently carried at its fair value with fair value changes recognised in profit or loss.

When a conversion is exercised, the carrying amounts of the liability component and the derivative components are derecognised with a corresponding derecognition of the assets and liabilities of the subsidiary including other components of equity related to the subsidiary when the changes in the Company’s ownership interest in a subsidiary result in a loss of control over a subsidiary or as an equity transaction to reflect relative interest in the subsidiary as controlling and non-controlling interests when the changes in the Company’s ownership interest in a subsidiary do not result in a loss of control as disclosed in Note 2(b).

Transaction costs that relate to the issue of the exchangeable bonds are allocated to the liability and derivative components in proportion to the allocation of the proceeds. Transaction costs relating to the derivatives components are recognised in profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the exchangeable bond using the effective interest method.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **o) Functional and foreign currencies**

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the “functional currency”). The financial statements of the Group and Company are presented in USD, which is the Company’s functional currency.

#### *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

### **p) Financial guarantees**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

### **q) Share capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### **r) Provision for other liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

Silkroad Nickel Ltd. and its subsidiaries

## **2 Summary of significant accounting policies (cont'd)**

### **s) Borrowing costs**

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

### **t) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### **u) Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

## **3 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### **a) *Impairment of investment in subsidiaries***

Management assesses impairment of the above-mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or indicate that the recoverable amount of an asset may be higher than the carrying amount. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss or write back of impairment.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The amount and timing of future cash flows are estimated based on the forecasted performance of the subsidiary. The carrying amount of the investment in subsidiaries are disclosed in Note 12. Changes in assumptions made and discount rate applied could affect the carrying amount of the investment in subsidiaries.

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### **3 Key sources of estimation uncertainty (cont'd)**

#### **b) Calculation of loss allowance**

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group determines ECL of trade receivables by applying the simplified approach to measure the lifetime ECL for its trade receivables. The Group estimates the expected credit loss rates of the debtors based on multiple factors, including the age of the balances, recent and subsequent payments, credit terms, credit risk of counterparties, the probability of default, loss given default. The assessment also involves considering forward-looking information such as forecasts of future economic conditions.

The Group determines ECL of other financial assets at amortised costs by applying the 'three-stage' model to assess the changes in credit quality since initial recognition and measure the risk provision for expected credit losses based on the probability of default rate and expected realisable value of collateral.

The assessment of the correlation between probability of default rate, historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As the calculation of loss allowance on trade and other receivables, loan to a subsidiary and amount due from a subsidiary is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables, loan to a subsidiary and amount due from a subsidiary. The information about the ECL and the carrying amounts of trade and other receivables, loan to a subsidiary and amount due from a subsidiary at the end of the reporting period are disclosed in Notes 14 and 27(b) respectively.

#### **c) Provision for mine reclamation and rehabilitation and assets retirement obligations**

The Group's accounting policy for the recognition of mine reclamation and rehabilitation provisions requires significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, the magnitude of possible land disturbance and the timing, extent and costs of required closure and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time.

Assets retirement obligations are recognised in the period in which they are incurred if a reasonable estimate of fair value can be made. This requires an estimation of the cost to restore/dismantle per location basis and is based on the best estimate of the expenditure required to settle the obligation on the future restoration/dismantlement date, discounted using a pre-tax rate that reflects the current market, assessment of the time value of money and where appropriate the risk specific to the liability.

The carrying amounts of provision for mine reclamation and rehabilitation and assets retirement obligations at the end of the reporting period are disclosed in Note 18.

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### **3 Key sources of estimation uncertainty (cont'd)**

#### **d) *Estimated useful lives of property, plant and equipment***

The useful life of each of the items of the Group's property, plant and equipment is estimated based on the period over which the assets are expected to be available for use. Such estimation is based on internal technical evaluations and experience with similar assets.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future results of the operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment would affect the recorded depreciation expense and carrying values of the assets. The carrying amounts of property, plant and equipment at the end of the reporting period are disclosed in Note 11.

#### **e) *Reserve estimates***

The Group determines and reports its nickel reserve under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code"). In order to estimate nickel reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, production techniques, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Because the economic assumptions used to estimate reserves change from period to period and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the amortisation of mining properties as well as the recovery of the carrying amounts of mining properties. The carrying amounts of mining properties at the end of the reporting period are disclosed in Note 11.

#### **f) *Income taxes***

The Group has exposure to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's deferred tax assets at the end of the reporting period are US\$0.4 million (2020: US\$0.3 million). The carrying amounts of the Group's and the Company's tax payables at the end of the reporting period are US\$1.9 million (2020: US\$1.1 million,) and US\$17,000 (2020: US\$38,000) respectively.

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### **3 Key sources of estimation uncertainty (cont'd)**

#### **g) *Impairment of non-current assets***

Property, plant and equipment and mining properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating-units, have been determined based on the higher of fair value less cost to sell and value in use calculations. These calculations involve the use of estimates and assumptions such as forecasted revenue and operating costs, and discount rate. These estimates and assumption involve significant management judgement and are affected by future market and economic conditions. Changes to these estimates and assumptions could result in a change in the carrying value of these assets.

The carrying amounts of the property, plant and equipment and mining properties at the end of the reporting period are disclosed in Note 11.

#### **h) *Fair value estimation of derivative components in the exchangeable bonds***

On 19 November 2021 (i.e. the issue date), the Company issued 7% exchangeable bonds to a third party, GFL International Co., Limited (“GFL”) with an aggregate principal amount of US\$15,000,000 due on 3 November 2024 (i.e. the maturity date). The exchangeable bonds will mature at their principal amount or can be converted into 25% of the total issued ordinary shares of its wholly-owned subsidiary, FE Resources Pte. Ltd. (“FER”) at any time during the period of 6 months after the issue date of the Bonds to a month prior to the maturity date. In addition to the exchangeable rights, GFL is entitled to a call option to purchase additional 25% of the total enlarged issued share capital after issuance of newly allotted shares in FER at an aggregate consideration of US\$15,000,000. Details of the exchangeable bonds are disclosed in Note 20.

The Group engaged an external valuer to assist with the valuation exercise for the exchangeable bonds at valuation dates including the issue date and reporting date. The exchangeable bonds were allocated between liability and derivative components. The liability component is recognised initially at fair value on the issue date based on a market interest rate for an equivalent non-exchangeable bond of 27.4% per annum and subsequently measured at amortised cost basis using the effective interest method.

The derivative components, representing the exchangeable rights and option are recognised at fair value on issue date and any subsequent changes in fair values at the end of reporting period are recognised in profit or loss. The external valuer applied the Binomial Tree Model to estimate fair values of the exchangeable right and option at each valuation dates. Estimating fair values for the exchangeable right and option require determining the most appropriate valuation model and determining the most appropriate inputs to the valuation model including expected volatility, risk-free rate, risky rate and dividend yield. The fair values for the liability and derivative components of exchangeable bonds including the assumptions and models used for estimating fair values are disclosed in Note 20.

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**4 Revenue**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Sales of nickel ore	<b>26,700</b>	475

The revenue is solely derived from Indonesia and Singapore (2020: Indonesia). The revenue is recognised at a point in time when the Group transfers control of the goods.

Revenue of US\$61,000 (2020: Nil) recognised during the financial year was included in the contract liability balance at the beginning of the financial year.

**5 Other income**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Gain on foreign currency exchange, net	<b>319</b>	–
Fair value gain on derivative liabilities	<b>160</b>	–
Fair value gain on amounts due to related parties	–	143
Interest income	<b>9</b>	9
Government grants	<b>15</b>	43
Others	<b>54</b>	17
	<b>557</b>	212

Government grant income of US\$12,000 (2020: US\$36,000) was recognised during the financial year under the Jobs Support Scheme (the “JSS”). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Government.

**6 Finance costs**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Amortisation of discount on provision for assets retirement obligations (Note 18)	<b>15</b>	12
Interest expenses on:		
- Loans	<b>430</b>	358
- Amounts due to related parties	–	5
- Lease liabilities	<b>24</b>	23
- Exchangeable bonds (Note 20)	<b>318</b>	–
	<b>787</b>	398

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**7 Profit/(loss) before tax**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
This is arrived at after charging/(crediting):		
<i>Included in cost of goods sold:</i>		
Changes in inventories	<b>1,072</b>	(1,452)
Depreciation of property, plant and equipment	<b>628</b>	669
Fuel expenses	<b>1,415</b>	23
Mining contractor charges	<b>337</b>	284
Provision for mine reclamation and rehabilitation (Note 18)	<b>61</b>	61
Rental of equipment and vehicles	<b>2,265</b>	12
Royalty fees	<b>2,655</b>	65
Staff costs	<b>408</b>	392
Transportation and port clearance expenses	<b>3,286</b>	52
<i>Included in selling and distribution expenses:</i>		
Marketing fee <sup>@</sup>	<b>629</b>	–
<i>Included in administrative expenses:</i>		
Directors' fee	<b>126</b>	139
Depreciation of property, plant and equipment	<b>220</b>	220
Loss on disposal of property, plant and equipment	<b>3</b>	88
Loss on foreign currency exchange, net	<b>–</b>	230
Professional fees	<b>538</b>	464
Audit fees paid/payable to:		
- Auditor of the Company	<b>101</b>	83
- Other auditors of the Group*	<b>25</b>	20
Non-audit fees:		
- Auditor of the Company	<b>3</b>	2
- Other auditors of the Group*	<b>–</b>	–
Rental of office premises and vehicles	<b>180</b>	129
Staff costs	<b>1,570</b>	1,208
Travelling expenses	<b>131</b>	70
Modification loss on amounts due to related parties	<b>111</b>	–
<i>Included in other expenses:</i>		
Costs expended for evaluation of smelter project <sup>#</sup> (Note 24)	<b>1,489</b>	–

\* Includes overseas independent member firms of Baker Tilly International network.

@ Related to marketing introducer fee of a flat fee of US\$0.90 per wet metric tonne from the delivery of nickel ore to a specific customer.

# Pursuant to an agreement entered into by the Group on 2 December 2020 for the acquisition of PT Anugrah Tambang Smelter (“PT ATSM”), an entity controlled by a director and controlling shareholder of the Company, the Group embarked onto the preliminary stage of the smelter project and incurred evaluation costs during the financial year which comprise technical due diligence, feasibility studies and engineering design, professional advisory and consultancy fees, project management and utilities expenses. These evaluation costs totalled \$1.489 million. In accordance with the acquisition agreement, the Group agreed to absorb the costs, risk and rewards in respect of the smelter project from the date of the agreement until the completion of the acquisition of PT ATSM.

Included in the total costs expended for evaluation of smelter project, 18% of the costs are billed directly by the vendors and service providers to PT ATSM, but which the Group bore the costs and made payments pursuant to the above-mentioned agreement.

Subsequent to the end of the reporting period, the Company, through its wholly-owned subsidiary, Silkroad Metal Industries Pte. Ltd. (“SMI”) completed the acquisition of PT ATSM by effecting the legal transfer of the shares in PT ATSM to SMI. As a result, PT ATSM is the subsidiary of the Company with effect from 25 February 2022 as disclosed under Note 30.

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**8 Staff costs**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Directors of the Company:		
- Salaries and related costs	<b>398</b>	304
- Contribution to defined contribution plans	<b>9</b>	9
Other key management personnel (non-directors):		
- Salaries and related costs	<b>271</b>	136
- Contribution to defined contribution plans	<b>13</b>	10
	<b>691</b>	459
Total key management personnel compensation		
Other personnel:		
- Salaries and related costs	<b>1,106</b>	910
- Contribution to defined contribution plans	<b>11</b>	14
- Post-employment benefits (Note 16)	<b>170</b>	217
	<b>1,978</b>	1,600

**9 Tax expense**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Tax expense attributable to profit/(loss) is made up of:		
Current income tax	<b>1,170</b>	–
Withholding tax	<b>23</b>	27
	<b>1,193</b>	27
Deferred tax (Note 13):		
- Current year	<b>(109)</b>	(4)
- Prior year	<b>(47)</b>	–
	<b>1,037</b>	23

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**9 Tax expense (cont'd)**

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the domestic rates applicable in the countries where the Group entities operate due to the following factors:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Profit/(loss) before tax	<b>3,380</b>	(3,618)
Tax calculated at domestic rate applicable to profit/(loss) in the countries in which the Group entities operate	<b>910</b>	(738)
Expenses not deductible for tax purposes	<b>788</b>	388
Current year losses for which no deferred tax asset is recognised	<b>21</b>	355
Income not subject to tax	<b>(44)</b>	(9)
Over provision in prior year	<b>(47)</b>	–
Utilisation of previously unrecognised tax losses	<b>(506)</b>	–
Others	<b>(85)</b>	27
	<b>1,037</b>	23

The corporate income tax rates applicable to companies incorporated in Singapore is 17% (2020: 17%). The corporate income tax rate applicable to companies incorporated in Indonesia is 22% (2020: 22%).

**10 Earnings/(loss) per share**

Basic earnings/(loss) per share are calculated by dividing the earnings/(loss) for the financial year, attributable to ordinary equity owners of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

The calculation of basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Net profit/(loss) attributable to equity owners of the Company (US\$'000)	<b>2,343</b>	(3,641)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share ('000)	<b>261,214</b>	261,214
Basic earnings/(loss) per share (cents per share)	<b>0.90</b>	(1.39)

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**10 Earnings/(loss) per share (cont'd)**

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) attributable to equity owners of the Company is adjusted for the effects of changes in income and expenses and non-controlling's share of profit of the subsidiaries that would result from the exercise of exchangeable rights and option of the exchangeable bonds.

The calculation of diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>2021</b>	<b>Group</b> 2020
Adjusted net loss attributable to equity owners of the Company (US\$'000)	<b>(354)</b>	(3,641)
Weighted average number of ordinary shares for the purpose of diluted loss per share ('000)	<b>261,214</b>	261,214
Diluted loss per share (cents per share)	<b>(0.14)</b>	(1.39)

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**11 Property, plant and equipment**

	Office premises US\$'000	Mining properties US\$'000	Buildings and infrastructure US\$'000	Vehicles US\$'000	Machineries US\$'000	Office equipment US\$'000	Heavy equipment US\$'000	Lab equipment US\$'000	Renovation US\$'000	Construction in progress US\$'000	Total US\$'000
<b>Group Cost</b>											
At 1 January 2020	489	3,231	10,962	188	71	312	1,704	81	22	–	17,060
Additions for the year	–	–	–	–	–	2	–	99	–	–	101
Modification of lease liabilities	(130)	–	–	–	–	–	–	–	–	–	(130)
Disposals for the year	–	–	–	–	–	(5)	(416)	–	–	–	(421)
At 31 December 2020	359	3,231	10,962	188	71	309	1,288	180	22	–	16,610
Additions for the year	341	–	1,694	229	–	48	–	16	–	292	2,620
Disposals for the year	–	–	–	(15)	–	–	(291)	–	–	–	(306)
<b>At 31 December 2021</b>	<b>700</b>	<b>3,231</b>	<b>12,656</b>	<b>402</b>	<b>71</b>	<b>357</b>	<b>997</b>	<b>196</b>	<b>22</b>	<b>292</b>	<b>18,924</b>
<b>Accumulated depreciation</b>											
At 1 January 2020	216	328	3,111	94	57	225	611	79	9	–	4,730
Modification of lease liabilities	(124)	–	–	–	–	–	–	–	–	–	(124)
Depreciation charge	166	–*	496	21	4	31	159	5	7	–	889
Disposals for the year	–	–	–	–	–	(4)	(127)	–	–	–	(131)
At 31 December 2020	258	328	3,607	115	61	252	643	84	16	–	5,364
Depreciation charge	150	78	487	24	3	31	43	26	6	–	848
Disposals for the year	–	–	–	(12)	–	–	(136)	–	–	–	(148)
<b>At 31 December 2021</b>	<b>408</b>	<b>406</b>	<b>4,094</b>	<b>127</b>	<b>64</b>	<b>283</b>	<b>550</b>	<b>110</b>	<b>22</b>	<b>–</b>	<b>6,064</b>
<b>Net carrying amount</b>											
At 31 December 2020	101	2,903	7,355	73	10	57	645	96	6	–	11,246
<b>At 31 December 2021</b>	<b>292</b>	<b>2,825</b>	<b>8,562</b>	<b>275</b>	<b>7</b>	<b>74</b>	<b>447</b>	<b>86</b>	<b>–</b>	<b>292</b>	<b>12,860</b>

\* Amount less than US\$1,000

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**11 Property, plant and equipment (cont'd)**

	<b>Office premises US\$'000</b>	<b>Office equipment US\$'000</b>	<b>Renovation US\$'000</b>	<b>Total US\$'000</b>
<b>Company</b>				
<b>Cost</b>				
At 1 January 2020	89	31	22	142
Modification of lease liabilities	84	–	–	84
<b>At 31 December 2020 and 2021</b>	<b>173</b>	<b>31</b>	<b>22</b>	<b>226</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	51	11	9	71
Depreciation charge	41	11	7	59
At 31 December 2020	92	22	16	130
Depreciation charge	46	7	6	59
<b>At 31 December 2021</b>	<b>138</b>	<b>29</b>	<b>22</b>	<b>189</b>
<b>Net carrying amount</b>				
At 31 December 2020	81	9	6	96
At 31 December 2021	<b>35</b>	<b>2</b>	<b>–</b>	<b>37</b>

a) Included in property, plant and equipment of the Group and the Company are right-of-use assets of US\$496,000 (2020: US\$280,000) and US\$35,000 (2020: US\$81,000) respectively (Note 17).

b) Additions to property, plant and equipment are as follows:

	<b>Group</b>	
	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>
Aggregate cost of property, plant and equipment	<b>2,620</b>	101
Less: acquired under lease agreement (Note 17)	<b>(425)</b>	–
Less: amount unpaid included under accrued operating expenses	<b>(108)</b>	–
<b>Net cash outflow on acquisition of property, plant and equipment</b>	<b>2,087</b>	101

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**12 Investment in subsidiaries**

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Unquoted equity shares, at cost</b>		
Balance at beginning of financial year	<b>66,241</b>	66,241
Incorporation of a subsidiary	–	–*
Balance at end of financial year	<b>66,241</b>	66,241

\* Amount less than US\$1,000

i) At the end of the reporting period, the Group has the following subsidiaries:

<b>Name of subsidiary (Country of incorporation)</b>	<b>Principal activities</b>	<b>Effective ownership interests held by the Group</b>	
		<b>2021</b>	<b>2020</b>
		<b>%</b>	<b>%</b>
<i>Held by the Company</i>			
FE Resources Pte. Ltd. <sup>(2)</sup> (Singapore) (“FER”)	Investment holding	<b>100</b>	100
Silkroad Metal Industries Pte. Ltd. <sup>(2)</sup> (Singapore) (“SMI”)	Manufacturing, trading and distribution of nickel pig iron	<b>100</b>	100
<i>Subsidiary held by FER</i>			
PT Anugrah Tambang Sejahtera <sup>(1)</sup> (Indonesia) (“ATS”)	Investment holding	<b>100<sup>(a)</sup></b>	100 <sup>(a)</sup>
<i>Subsidiary held by ATS</i>			
PT Teknik Alum Service <sup>(1)</sup> (Indonesia) (“TAS”)	Mining of nickel ore	<b>100<sup>(b)</sup></b>	100 <sup>(b)</sup>

<sup>(1)</sup> Audited by Johan Malonda Mustika & Rekan, an independent member firm of Baker Tilly International.

<sup>(2)</sup> Audited by Baker Tilly TFW LLP.

<sup>(a)</sup> PT Bina Mitra Serasi, a related party which holds 1% equity interest in this subsidiary, has executed a deed of assignment and a power of attorney, as well as other documents necessary to assign its shareholder and voting rights in ATS to the Company.

<sup>(b)</sup> Mr Hong Kah Ing, a director who holds 1% equity interest in this subsidiary, has executed a deed of assignment and a power of attorney, as well as other documents necessary to assign his shareholder and voting rights in TAS to ATS.

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**13 Deferred tax assets**

The movements in the deferred tax assets are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At beginning of the financial year	<b>248</b>	241
Tax credit to profit or loss (Note 9)	<b>156</b>	4
Tax (charge)/credit to other comprehensive loss (Note 16)	<b>(17)</b>	3
	<hr/>	<hr/>
At end of the financial year	<b>387</b>	248
	<hr/>	<hr/>

The deferred tax assets on temporary differences recognised in the consolidated financial statements are in respect of tax effects arising from:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Liabilities for post-employment benefits	<b>128</b>	112
Accelerated accounting depreciation for property, plant and equipment	<b>(73)</b>	(45)
Provisions	<b>332</b>	181
	<hr/>	<hr/>
	<b>387</b>	248
	<hr/>	<hr/>

The Group has potential tax benefits arising from unabsorbed tax losses of approximately US\$0.1 million (2020: US\$2.3 million) that are available for carry-forward up to five years from the year of loss to offset against future taxable profits and/or taxable temporary differences of the Indonesia subsidiaries, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in Indonesia. The potential deferred tax asset in respect of the unabsorbed tax losses has not been recognised in the financial statements as it is not probable that the future taxable profit will be available and sufficient to allow the deductible temporary difference to be realised in the foreseeable future.

At 31 December 2021, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US\$13 million (2020: US\$9 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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**14 Receivables and prepayments**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current</b>				
Preservation deposits	352	357	–	–
Loan to a subsidiary				
- Loan C	–	–	1,375	–
	<b>352</b>	<b>357</b>	<b>1,375</b>	<b>–</b>
<b>Current</b>				
Trade receivables	9,334	7,343	–	–
Other receivables				
- Third parties	553	41	–	–
- A subsidiary	–	–	216	80
- A related party	–	92	–	–
- Directors	90	100	–	–
- Ultimate holding company	24	24	–	–
Interest receivables from a subsidiary	–	–	800	–
Loan to a subsidiary - Loan A	–	–	839	986
Loan to a subsidiary - Loan B	–	–	750	1,966
Deposits	14	14	14	14
Deposit for investment to a related party	–	207	–	–
Prepayments	728	249	5	5
Tax recoverable	135	89	–	–
	<b>10,878</b>	<b>8,159</b>	<b>2,624</b>	<b>3,051</b>
Less: Allowance for impairment loss of trade receivables	<b>(650)</b>	<b>(41)</b>	<b>–</b>	<b>–</b>
	<b>10,228</b>	<b>8,118</b>	<b>2,624</b>	<b>3,051</b>

*Trade receivables*

In 2019, an amount of US\$7.1 million included in the trade receivables was secured by approximately 450,000 metric tonnes of nickel ore held by the debtor. During the financial year, the Group has recovered US\$1.5 million from the debtor.

As at 31 December 2021, the remaining outstanding balance of US\$5.6 million is repayable in 3 equal monthly instalments of approximately US\$0.5 million (equivalent to IDR 6,737,367,682) from January to March 2022 and another 3 equal monthly instalments of approximately US\$1.4 million (equivalent to IDR 20,212,103,046) from April to June 2022. The amount is secured by approximately 241,330 metric tonnes of nickel ore held by the debtor. The collateral shall be discharged upon full repayment of the outstanding balance. The Group has received US\$1.4 million subsequent to the end of the reporting period.

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**14 Receivables and prepayments (cont'd)**

*Amounts due from a subsidiary, a related party, directors and ultimate holding company*

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

*Amounts due from third parties*

Included in the amounts due from third parties is an amount of US\$0.5 million which is secured by approximately 5,300 metric tonnes of anthracite held by a joint business partner. The amount relates to a payment made for purchase of anthracite of an intended project with a joint business partner. During the financial year, the project was aborted, and the joint business partner took the ownership of the anthracite. Subsequent to the end of the reporting period, ownership for the anthracite of 5,300 metric tonnes was transferred to the Company as settlement for the amount due from the joint business partner.

*Loan to a subsidiary*

- a) Loan A is unsecured, bears interest at 6% (2020: 6%) per annum and is to be repaid on 30 November 2022.
- b) Loan B is unsecured, bears interest at 6% (2020: 6%) per annum and repayable in full on 31 December 2022.
- c) Loan C is unsecured, bears interest at 8% (2020: Nil%) per annum and repayable in full on 23 May 2024. The carrying amount of the loan approximates its fair value at the end of the reporting period.

*Preservation deposits*

The preservation deposits as at 31 December 2021 amounting to US\$0.3 million (2020: US\$0.3 million) are placed in fixed deposits as security deposits for mine reclamation purposes. The fixed deposits are refundable and bear interest at 3% to 6% (2020: 3% to 6%) per annum at the end of the reporting period.

**15 Inventories**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
Nickel ore	<b>1,536</b>	2,609	–	–
Fuel	<b>53</b>	3	–	–
Spare parts	<b>48</b>	61	–	–
Nickel pig iron in-transit	–	2,195	–	2,195
	<b>1,637</b>	4,868	–	2,195
<i>Statement of Comprehensive Income</i>				
Inventories recognised as an expense in cost of goods sold	<b>19,484</b>	280	<b>1,918</b>	–

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**16 Liabilities for post-employment benefits**

The Group's subsidiaries recognised liabilities for post-employment benefits based on the actuarial calculation by an independent actuary. The actuarial calculation in regard to the compensation cost adheres to the current value principle from the total payment of compensation due to retirement, demise and disability. The calculation of current value is obtained from the use of various actuarial assumptions, not only based on the level of interest but also based on salary increment, mortality, disability and resignation levels.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. No funding has been made for this defined benefit scheme.

The principal assumptions used in determining post-employment benefits as at the end of the reporting periods were as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Normal retirement age	55 years	55 years
Salary increment rate per annum	10%	10%
Discount rate per annum	7.18%	7.00%
Mortality rate	TMI - 2019	TMI - 2011
Disability level	5% of TMI - 2019	5% of TMI - 2011
Resignation level per annum	2.5% for the age 20 and decrease linearly	2.5% for the age 20 and decrease linearly

If the discount rate had been 1 percent higher with all other variables held constant, the present value of defined benefits obligation would have been US\$45,000 (2020: US\$43,000) lower, while if the discount rate had been 1 percent lower, the present value of defined benefits obligation would have been US\$52,000 (2020: US\$50,000) higher.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Present value of defined benefit obligations	<b>583</b>	507
Movements in the account are as follows:		
At beginning of the financial year	<b>507</b>	521
Remeasurement recognised in other comprehensive (gain)/loss, gross of tax	<b>(78)</b>	13
Post-employment benefits expense (Note 8)	<b>170</b>	217
Benefit payment during the financial year	<b>(11)</b>	(236)
Exchange difference	<b>(5)</b>	(8)
At end of the financial year	<b>583</b>	507

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**16 Liabilities for post-employment benefits (cont'd)**

The following table summarises the components of defined post-employment benefits expense recognised in consolidated statement of comprehensive income:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current service cost	<b>136</b>	140
Interest cost on defined benefit obligation	<b>35</b>	31
Termination cost	–	46
	<hr/>	<hr/>
Post-employment benefits expense	<b>171</b>	217
	<hr/>	<hr/>

Defined post-employment benefits expense is recognised in the “Administrative expenses” line item in the consolidated statement of comprehensive income.

The following table summarises the changes in liabilities for post-employment benefits recognised in consolidated statement of comprehensive income:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At beginning of the financial year	<b>34</b>	21
Other comprehensive (income)/loss	<b>(78)</b>	13
	<hr/>	<hr/>
At end of the financial year	<b>(44)</b>	34
	<hr/>	<hr/>

The remeasurement of post-employment benefits recognised in the other comprehensive (income)/loss is as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Gross amount of remeasurement	<b>(78)</b>	13
Tax charge/(credit) (Note 13)	<b>17</b>	(3)
Exchange difference	<b>1</b>	–
	<hr/>	<hr/>
Amount net of tax	<b>(60)</b>	10
	<hr/>	<hr/>

Management has reviewed the assumptions used and agreed that these assumptions are adequate. Management believes that the liabilities for post-employment benefits are sufficient to cover the Group’s liability for its employee benefits.

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**17 Lease liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
Non-current	<b>186</b>	39	–	39
Current	<b>179</b>	138	<b>40</b>	56
	<b>365</b>	177	<b>40</b>	95

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

	<b>Group</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
Balance at 1 January	<b>177</b>	322
Changes from financing cash flows:		
- Repayments	<b>(238)</b>	(133)
- Interest paid	<b>(24)</b>	(23)
Non-cash changes:		
- Interest expense	<b>24</b>	23
- New leases (Note 11)	<b>425</b>	–
- Modification of lease liabilities	–	(6)
- Exchange difference	<b>1</b>	(6)
Balance at 31 December	<b>365</b>	177

**a) The Group as a lessee**

*Nature of the Group's and the Company's leasing activities*

- i) The Group and the Company lease office premises, vehicles and heavy equipment from both related and non-related parties. The leases have an average tenure of between one to three years.
- ii) In addition, the Group leases office premises, certain equipment and vehicles with no contractual terms. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 26(b).

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**17 Lease liabilities (cont'd)**

**a) The Group as a lessee (cont'd)**

Information about leases for which the Group and the Company are a lessee is presented below:

*Carrying amount of right-of-use assets*

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
<u>Classified within</u>				
<u>property, plant and</u>				
<u>equipment</u>				
Office premises	<b>292</b>	104	<b>35</b>	81
Vehicles	<b>116</b>	22	–	–
Heavy equipment	<b>88</b>	154	–	–
	<b>496</b>	280	<b>35</b>	81
Additions to right-of-use assets	<b>425</b>	–	–	–

*Amounts recognised in profit or loss*

	<b>Group</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
<u>Depreciation charge for the year</u>		
Office premises	<b>150</b>	166
Vehicles	<b>20</b>	5
Heavy equipment	<b>39</b>	62
	<b>209</b>	233
Interest expense on lease liabilities	<b>24</b>	23
<u>Lease expense not included in the measurement of lease liabilities</u>		
Lease expense - short-term leases		
- Equipment and vehicles	<b>2,265</b>	141
- Premises	<b>180</b>	–
Total	<b>2,445</b>	141

During the financial year, total cash flow for leases amounted to US\$2,707,000 (2020: US\$297,000).

As at 31 December 2021 and 2020, the Group and the Company are not committed to short-term leases.

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**18 Provisions**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Provision for mine reclamation and rehabilitation	<b>738</b>	684
Provision for assets retirement obligations	<b>135</b>	124
	<b>873</b>	808

Movements in provision for mine reclamation and rehabilitation are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At beginning of the financial year	<b>684</b>	630
Provision for the year charged to profit or loss (Note 7)	<b>61</b>	61
Exchange difference	<b>(7)</b>	(7)
At end of the financial year	<b>738</b>	684

Movements in provision for assets retirement obligations are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At beginning of the financial year	<b>124</b>	113
Interest accretion charged to profit or loss (Note 6)	<b>15</b>	12
Exchange difference	<b>(4)</b>	(1)
At end of the financial year	<b>135</b>	124

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**19 Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b> <b>US\$'000</b>	<b>2020</b> <b>US\$'000</b>	<b>2021</b> <b>US\$'000</b>	<b>2020</b> <b>US\$'000</b>
<i>Non-current</i>				
Loans from third parties -				
Loan 1	–	1,888	–	1,888
Loan from a related party -				
Loan 4	–	174	–	174
	–	2,062	–	2,062
<i>Current</i>				
Loan from a third party -				
Loan 1	–	116	–	116
Loans from third parties -				
Loan 2	–	581	–	581
Loan from a third party -				
Loan 3	–	189	–	189
Loan from a related party -				
Loan 4	–	4	–	4
Loan from a related party -				
Loan 5	–	32	–	32
Loan from a third party -				
Loan 6	–	524	–	–
Loan from a third party -				
Loan 7	<b>701</b>	–	–	–
	<b>701</b>	1,446	–	922
	<b>701</b>	3,508	–	2,984

*Loan 1*

The loans from third parties are unsecured, bear interest at Nil% (2020: 12%) per annum and repayable in full on 31 July 2023. The loans, including interest, were fully repaid during the financial year.

*Loan 2*

The loans from third parties are unsecured, bear interest at Nil% (2020: 15%) per annum and repayable on 31 January 2021. The loans, including interest, were fully repaid during the financial year.

*Loan 3*

The loan from a third party is unsecured, bear interest at Nil% (2020: 15%) per annum and repayable on 31 May 2021. The loan, including interest, was fully repaid during the financial year.

*Loan 4*

The loan from a related party is unsecured, bears interest at Nil% (2020: 10%) per annum and repayable in full on 30 September 2023. The loan, including interest, was fully repaid during the financial year.

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**19 Borrowings (cont'd)**

*Loan 5*

The loan from a related party is unsecured, bears interest at Nil% (2020: 2%) per month and repayable in full on 30 April 2021. The loan, including interest, was fully repaid during the financial year.

*Loan 6*

The loan from a third party is unsecured, bears interest at Nil% (2020: 7.5%) per annum and repayable in the 13<sup>th</sup> month from the date of drawdown of the funding. During the financial year, the loan was extended to another 12 months from April 2021 subsequent to year end 31 December 2020. The loan, including interest was fully repaid during the financial year.

*Loan 7*

On 26 March 2021, the Group entered into an offtake financing agreement entered with a third party to obtain funding of up to IDR10 million (approximately US\$0.7 million). The loan from the third party is unsecured, bears interest at US\$0.10 per wet metric tonne from the delivery of nickel ore to a specific customer and repayable in full on 31 December 2022.

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

	<b>Borrowings</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Balance at beginning of financial year	<b>3,508</b>	2,533
Changes from financing cash flows:		
- Repayments	<b>(5,221)</b>	–
- Interest paid	<b>(323)</b>	(246)
- Loans received	<b>2,698</b>	780
Non-cash changes:		
- Interest expense	<b>430</b>	358
- Offset against receivables	<b>(84)</b>	–
- Net payment on behalf by ultimate holding company (Note 21)	<b>(387)</b>	–
- Exchange difference	<b>80</b>	83
Balance at end of financial year	<b>701</b>	3,508

**20 Exchangeable bonds**

The Group and the Company

On 19 November 2021 (i.e. the issue date), the Company issued 7% exchangeable bonds to a third party, GFL International Co., Limited (“GFL”) with an aggregate principal amount of US\$15,000,000 due on 3 November 2024 (i.e. the maturity date). The exchangeable bonds will mature three years from the issue date at their principal amount or can be converted into 25% of the total issued ordinary shares of its wholly-owned subsidiary, FE Resources Pte. Ltd. (“Exchange Property”) at any time during the period of 6 months after the issue date of the Bonds to a month prior to the maturity date. The interest will be payable by the Company annually in arrears. The exchangeable bonds are secured against the shares in the Company’s wholly-owned subsidiaries, namely FE Resources Pte. Ltd. (“FER”) and PT Anugrah Tambang Sejahtera (“PT ATS”).

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**20 Exchangeable bonds (cont'd)**

The Group and the Company (cont'd)

The Company is to redeem the exchangeable bonds under the following conditions:

- (a) If at any time following the occurrence where the Company is specifically notified by the prevailing authority or government in Indonesia requiring a change in the legal ownership structure of ATS and TAS to be effected by foreign shareholders divest 51% of the shares in TAS to Indonesian parties, pursuant to Law 4 Number 4 of 2009 on Coal and Mineral Mining, as amended by Law Number 3 of 2020 on the Amendments to the Law Number 4 of 2009 within four years from the issue date, GFL shall have the option to require the Company, to redeem all (and not only some) of the exchangeable bonds at 110% of their principal amount together with the accrued interest; or
- (b) Redeem at the principal together with accrued interest if GFL did not opt for the conversion option by not later than 30 days following the occurrence of (a).

The exchangeable bonds are covered by a corporate guarantee from FER. In conjunction to the conversion option, GFL is entitled to a call option to purchase additional 25% of the total enlarged issued share capital after issuance of newly allotted shares in FER at an aggregate consideration of US\$15,000,000. The aggregate interest of the GFL will total up to 50% of the total issued share capital after exercising the exchangeable rights and option.

On issuance of the exchangeable bonds, the issue price of US\$15,000,000 is allocated between the liability and derivative components. The fair value of the liability component is estimated based on a market interest rate for an equivalent non-exchangeable bond of 27.4% per annum, and the fair values of the derivative liabilities, representing the exchangeable right and option, are determined using the Binomial Tree Model.

The liability component is subsequently measured at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are subsequently measured at fair value and changes in fair values are recognised in profit or loss.

The Group engaged an external valuer to perform a fair value exercise for the exchangeable bonds at drawdown date and reporting date. This is a level 3 recurring fair value measurement due to significant unobservable inputs. The inputs in the Binomial Tree Model were as follows:

	<b>At valuation dates</b>
Expected volatility	49.4% - 49.7%
Risk-free rate	1.0% - 1.5%
Risky rate	26.4% - 27.9%
Time to maturity	2.84 - 2.96 years
Dividend yield	0.0%

The following table presents the relationship of significant unobservable inputs to the fair values of the liability and derivative components:

<b>Unobservable inputs</b>	<b>Sensitivity analysis</b>	<b>Relationship of unobservable inputs to the fair values of</b>		
		<b>Exchangeable right US\$'000</b>	<b>Option US\$'000</b>	<b>Liability component US\$'000</b>
Expected volatility	Increase/(decrease) by 1%	30/(30)	52/(52)	–
Risk-free rate	Increase/(decrease) by 1%	82/(80)	105/(108)	(190)/195
Risky rate	Increase/(decrease) by 1%	(20)/19	–	(190)/195

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**20 Exchangeable bonds (cont'd)**

The Group and the Company (cont'd)

Expected volatility was determined by reference to the median of the equity volatilities of comparable companies for the exchange property over the period commensurate with the expected remaining life of the exchangeable bonds and the option as at each valuation date. Risk-free rate was determined based on the USD Indonesia Government Bond Yield as at each valuation date.

As the option can only be exercised in conjunction with the exercise of the exchangeable right, the external valuer estimated the fair value of the option based on the decision tree of the exchangeable bonds at nodes that GFL chooses to exercise the exchangeable right, the fair value of the option is determined based a formula on 50% of the post equity value of FER subsequent to the aggregate capital consideration of US\$15,000,000. As such the fair value of the option is significantly higher than the exchangeable right as the equity value of FER increases over time.

The movements of the current liability and derivative components of the exchangeable bonds during the financial year are as follows:

	<b>Liability component</b>	<b>Derivative components</b>		<b>Total US\$'000</b>
	<b>US\$'000</b>	<b>Exchangeable right US\$'000</b>	<b>Option US\$'000</b>	
<b><i>Group</i></b>				
At 1 January 2021	–	–	–	–
Additions	9,323	1,712	3,965	15,000
Interest expenses (Note 6)	318	–	–	318
Fair value gain (Note 7)	–	(103)	(57)	(160)
Reclassified to other payable	(88)	–	–	(88)
<b>At 31 December 2021</b>	<b>9,553</b>	<b>1,609</b>	<b>3,908</b>	<b>15,070</b>
<b><i>Company</i></b>				
At 1 January 2021	–	–	–	–
Additions	9,323	1,712	–	11,035
Interest expenses	318	–	–	318
Fair value gain	–	(103)	–	(103)
Reclassified to other payable	(88)	–	–	(88)
<b>At 31 December 2021</b>	<b>9,553</b>	<b>1,609</b>	<b>–</b>	<b>11,162</b>

In accordance with SFRS(I) 1-1 *Presentation of Financial Statements* paragraph 69(d), the total exchangeable bonds liability of US\$15,070,000 was classified under current liabilities. This is on the basis that, under the terms of the subscription agreement, the exercise of the exchangeable right is at the sole option of GFL and that following the receipt of the exchange notice, the exchange of the entire exchangeable bonds for shares representing 25% of the total issued and paid-up share capital of FER, to GFL has to be completed within five business days.

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**21 Payables and accruals**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b> US\$'000	<b>2020</b> US\$'000	<b>2021</b> US\$'000	<b>2020</b> US\$'000
<b>Non-current</b>				
Amounts due to related parties	–	641	–	641
Amount due to ultimate holding company	–	115	–	115
	–	756	–	756
<b>Current</b>				
Trade payables	<b>573</b>	4,208	<b>7</b>	79
Accrued operating expenses	<b>2,748</b>	3,733	<b>207</b>	370
Accrued interest	<b>88</b>	–	<b>88</b>	–
Other payables	<b>63</b>	355	–	354
Amounts due to related parties	–	98	–	4
Advances from a third party	<b>800</b>	800	<b>8</b>	–
Amount due to a subsidiary	–	–	<b>3,966</b>	–
	<b>4,272</b>	9,194	<b>4,276</b>	807

Non-current amounts due to related parties and ultimate holding company are non-trade in nature, unsecured, non-interest bearing and repayable on 30 September 2022, except for amount due to a related party amounted to US\$174,000, which is repayable on 30 September 2023. The amounts due to related parties and ultimate holding company were fully repaid during the year.

The fair value of non-current amounts due to related parties and ultimate holding company were computed based on cash flows discounted at 10% per annum based on borrowing interest rate for similar financial liabilities at end of the reporting period. The fair value measurement for disclosure purposes was categorised within Level 3 of the fair value hierarchy.

Current amounts due to related parties, ultimate holding company and advances from a third party are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Amount due to a subsidiary relates to the amount liable to subsidiary equivalent to the value of the option arising from the arrangement of the exchangeable bonds which the subsidiary provides to the subscriber, a call option to purchase a number of newly allotted shares, representing 25% of the total enlarged issued share capital after issuance of such newly allotted shares in FE Resources Pte. Ltd. at an aggregate consideration of US\$15,000,000. The amount is due within 5 months after the date of exercise of option. Further information about the exchangeable bonds is disclosed in Note 20.

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**21 Payables and accruals (cont'd)**

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

	Amounts due to related parties		Amount due to ultimate holding company		Advances from a third party	
	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000	2021 US\$'000	2020 US\$'000
Balance at beginning of financial year	<b>739</b>	55	<b>115</b>	25	<b>800</b>	800
Changes from financing cash flows:						
- Repayments	–	–	<b>(1,205)</b>	(32)	–	–
- Net advances received	–	813	–	122	–	–
Non-cash changes:						
- Fair value adjustment arising from early settlement	<b>111</b>	–	–	–	–	–
- Fair value adjustment at inception	–	(143)	–	–	–	–
- Repayment on behalf by ultimate holding company to related parties	<b>(850)</b>	–	<b>850</b>	–	–	–
- Net repayment of borrowings on behalf by ultimate holding company	–	–	<b>387</b>	–	–	–
- Net payment of expenses on behalf	–	–	<b>(144)</b>	–	–	–
- Interest expense	–	5	–	–	–	–
- Exchange differences	–	9	<b>(3)</b>	–	–	–
	–	739	–	115	<b>800</b>	800

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**22 Contract liabilities**

Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Group and the Company satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities.

	<b>2021</b> US\$'000	2020 US\$'000	1.1.2020 US\$'000
<b><u>Group</u></b>			
Trade receivables	<b>8,684</b>	7,302	10,315
Contract liabilities	–	61	–
<b><u>Company</u></b>			
Contract liabilities	–	61	–

**23 Share capital**

	<b>2021</b>		2020	
	<b>Number of ordinary shares</b>	<b>US\$'000</b>	Number of ordinary shares	US\$'000
<b><u>Group</u></b>				
Balance at beginning and end of financial year	<b>261,213,792</b>	<b>8,979</b>	261,213,792	8,979
<b><u>Company</u></b>				
Balance at beginning and end of financial year	<b>261,213,792</b>	<b>86,387</b>	261,213,792	86,387

All issued shares are fully paid ordinary shares with no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

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**24 Significant related party transactions**

In addition to information disclosed elsewhere in these financial statements, the following significant transactions took place between the Group and the related parties on terms agreed by the parties:

	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<i>With director of the Company</i>		
Rental expenses paid to director	<b>36</b>	36
<hr/>		
<i>With other related parties</i>		
Deposit for investment to a related party	–	16
Expenses paid on behalf by the Group	–	86
Lease payments paid to a related party	<b>105</b>	152
Loan received from related parties	–	210
Expenses paid on behalf by related parties	<b>1</b>	209
Interest expenses on loans from related parties	<b>10</b>	7
Costs expensed for evaluation of smelter project that are billed to director-controlled entity (Note 7)	<b>273</b>	–
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The other related parties comprise:

- close family members of a director of the Company;
- companies in which a director of the Company or a close family member of the director has controlling interest; and
- a non-controlling interest of a subsidiary who is also the commissioner of that subsidiary.

**25 Segment information**

The Group has only one reportable segment, which is nickel ore mining.

*Geographical information*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	<b>Indonesia</b>	<b>Singapore</b>	<b>Consolidated</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Revenue</b>			
<b>31 December 2021</b>			
Total sales to external customer	<b>24,746</b>	<b>1,954</b>	<b>26,700</b>
<hr/>			
<b>31 December 2020</b>			
Total sales to external customer	475	–	475
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**25 Segment information (cont'd)**

*Geographical information (cont'd)*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows (cont'd):

	<b>Indonesia US\$'000</b>	<b>Singapore US\$'000</b>	<b>Consolidated US\$'000</b>
<b>Non-current assets</b>			
<b>31 December 2021</b>	<b>12,823</b>	<b>37</b>	<b>12,860</b>
31 December 2020	11,150	96	11,246

Non-current assets information presented above are non-current assets as presented on the consolidated statement of financial position excluding financial instruments and deferred tax assets.

*Information about major customers*

Revenue of US\$22.8 million (2020: US\$0.5 million) is derived from two (2020: one) external customers who individually contributed 10% or more of the Group's revenue as detailed below:

	<b>Group</b>	
	<b>2021 US\$'000</b>	<b>2020 US\$'000</b>
Customer 1	<b>22,836</b>	475

**26 Financial instruments**

**a) Categories of financial instruments**

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2021 US\$'000</b>	<b>31 December 2020 US\$'000</b>	<b>31 December 2021 US\$'000</b>	<b>31 December 2020 US\$'000</b>
<i>Financial assets</i>				
At amortised cost	<b>18,907</b>	8,170	<b>12,639</b>	3,054
<i>Financial liabilities</i>				
At amortised cost	<b>17,420</b>	13,635	<b>13,867</b>	4,642
At fair value through profit and loss	<b>5,517</b>	–	<b>1,609</b>	–
	<b>22,937</b>	13,635	<b>15,476</b>	4,642

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**26 Financial instruments (cont'd)**

**b) Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company manages and measures such financial risks in the same manner as the Group. The Group's risk management, which remains unchanged from the prior year, seeks to minimise the potential adverse effects from these exposures. There has been no change to the exposure to financial risks or the manner in which these risks are managed and measured. The management reviews and agrees policies for managing each of these risks.

***Foreign currency risk***

The Group and the Company have exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly Indonesian Rupiah ("IDR") and Singapore dollar ("SGD").

The Group and the Company seek to manage its foreign currency exposure by natural hedges, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments in the same currency. The Group and the Company endeavour to keep the net exposure at a level that is deemed acceptable by management.

The Group and Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

<i>Denominated in</i>	<b>Group IDR US\$'000</b>	<b>SGD US\$'000</b>	<b>Company SGD US\$'000</b>
<b>2021</b>			
<i>Financial assets</i>			
Receivables	9,651	38	230
Cash and cash equivalents	671	82	81
	10,322	120	311
<i>Financial liabilities</i>			
Payables and accruals	(3,965)	(308)	(300)
Lease liabilities	(325)	(40)	(40)
Borrowings	(701)	–	–
	(4,991)	(348)	(340)
<b>Net exposure</b>	<b>5,331</b>	<b>(228)</b>	<b>(29)</b>

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**26 Financial instruments (cont'd)**

**b) Financial risk management objectives and policies (cont'd)**

*Foreign currency risk (cont'd)*

The Group and Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management (cont'd):

<u>Denominated in</u>	<b>Group</b>	<b>SGD</b>	<b>Company</b>
	<b>IDR</b>	<b>SGD</b>	<b>SGD</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>2020</b>			
<i>Financial assets</i>			
Receivables	7,847	39	94
Cash and cash equivalents	24	4	3
	7,871	43	97
<i>Financial liabilities</i>			
Payables and accruals	(8,443)	(1,489)	(1,478)
Lease liabilities	(82)	(95)	(95)
Borrowings	(524)	(2,983)	(2,983)
	(9,049)	(4,567)	(4,556)
Net exposure	(1,178)	(4,524)	(4,459)

The following table demonstrates the sensitivity to a reasonably possible change in the IDR and SGD exchange rates against the functional currency of the Group and the Company with all other variables held constant, of the Group's and Company's profit/(loss) after tax:

	<b>Group</b>		<b>Company</b>	
	<b>Increase/(decrease) in</b>		<b>Increase/(decrease) in</b>	
	<b>profit/(loss) after tax</b>		<b>loss after tax</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<u>IDR/USD</u>				
- Strengthened 5% (2020: 5%)	<b>208</b>	(46)	–	–
- Weakened 5% (2020: 5%)	<b>(208)</b>	46	–	–
<hr/>				
<u>SGD/USD</u>				
- Strengthened 5% (2020: 5%)	<b>(9)</b>	188	<b>1</b>	185
- Weakened 5% (2020: 5%)	<b>9</b>	(188)	<b>(1)</b>	(185)
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Silkroad Nickel Ltd. and its subsidiaries

## **26 Financial instruments (cont'd)**

### **b) Financial risk management objectives and policies (cont'd)**

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flow of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings. Borrowings at fixed rates expose the Group and the Company to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be impacted from an adverse movement in interest rate.

#### *Sensitivity analysis for interest rate risk*

The sensitivity analysis to a reasonably possible change in interest rates, with all other variables held constant of the Group's result net of tax has not been disclosed as the Group's exposure to changes in market interest rate is not significant as the majority of the Group's borrowings are charged at a fixed rate.

#### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's trade receivables comprise 3 (2020: 2) debtors that represented 100% (2020: 100%) of the trade receivables. The Company has no significant concentration of credit risk.

Except for those disclosed with collaterals under Note 14, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

<b>Description of evaluation of financial assets</b>	<b>Basis for recognition and measurement of ECL</b>
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been significant increase in credit risk since initial recognition	Lifetime ECL – not-credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

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## **26 Financial instruments (cont'd)**

### **b) Financial risk management objectives and policies (cont'd)**

#### *Credit risk (cont'd)*

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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## 26 Financial instruments (cont'd)

### b) Financial risk management objectives and policies (cont'd)

#### *Credit risk (cont'd)*

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Movements in credit loss allowance are as follows:

	<b>Trade receivables</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Group</b>		
Balance at 1 January	41	–
Loss allowance measured:		
Lifetime ECL - simplified approach	609	41
Balance at 31 December	<b>650</b>	<b>41</b>

##### *Trade receivables*

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance on a debtor-specific basis. The Group estimates the expected credit loss rates of the debtors based on multiple factors, including the age of the balances, recent and subsequent payments, credit terms, credit risk of counterparties, the probability of default, loss given default, expected realisable value of collateral and forward-looking information such as forecast of future economic conditions on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group assesses the concentration of risk with respect to trade receivables as high, as there are only three (2020: two) customers during the financial year. The Group assesses that the credit risk exposure relating to specific outstanding invoices overdue for more than 365 days is high. At 31 December 2021, the Group recognised an expected credit loss allowance of US\$650,000 (2020: US\$41,000).

The Group hold inventories collateral as security for trade receivables. They are considered integral part of trade receivables and considered in the calculation of impairment. As at 31 December 2021, 64.5% (2020: 97.3%) of the Group's trade receivables are covered by 241,330 (2020: 450,000) metric tonnes of nickel ore. The Group's credit loss in respect of trade receivables is mitigated by the collaterals held with fair values of US\$9.2 million (2020: US\$13.5 million).

Silkroad Nickel Ltd. and its subsidiaries

## **26 Financial instruments (cont'd)**

### **b) Financial risk management objectives and policies (cont'd)**

#### *Credit risk (cont'd)*

##### *Other financial assets at amortised cost*

Other financial assets at amortised costs include cash and cash equivalents, loan to a subsidiary, deposits and other receivables. The credit quality of the loan to a subsidiary is 12-month ECL. The credit loss exposure for cash and cash equivalents, loan to a subsidiary, deposits and other receivables are immaterial as at 31 December 2021 and 31 December 2020.

During the current financial year, the Group recognised a bad debt written off for a specific other debtor of US\$15,000 (2020: US\$Nil) as the Group has no reasonable expectation of recovery of payment.

The Group holds inventories collateral as security for the amount due from a third party. They are considered integral part of the amount due from a third party and considered in the calculation of impairment. As at 31 December 2021, 5% (2020: Nil%) of the Group's other receivables are covered by 5,300 metric tonnes of anthracite. The Group's credit loss in respect of amount due from a third party is mitigated by the collaterals held at the end of the reporting period.

#### *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and support from the ultimate holding company.

Management monitors and reviews the Group's and Company's forecasts of liquidity reserves (comprise cash and cash equivalents) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

In view of the Group's and the Company's liquidity position, the directors of the Company have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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Silkroad Nickel Ltd. and its subsidiaries

**26 Financial instruments (cont'd)**

**b) Financial risk management objectives and policies (cont'd)**

*Liquidity risk (cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	<b>On demand or within 1 year US\$'000</b>	<b>Within 2 to 5 years US\$'000</b>	<b>Total US\$'000</b>
<b>Group</b>			
<b>2021</b>			
Payables and accruals	6,800	–	6,800
Lease liabilities	201	194	395
Borrowings	787	–	787
Exchangeable bonds	18,063	–	18,063
	<b>25,851</b>	<b>194</b>	<b>26,045</b>
<b>2020</b>			
Payables and accruals	8,394	894	9,288
Lease liabilities	143	43	186
Borrowings	1,730	2,647	4,377
	<b>10,267</b>	<b>3,584</b>	<b>13,851</b>
<b>Company</b>			
<b>2021</b>			
Payables and accruals	4,276	–	4,276
Lease liabilities	42	–	42
Exchangeable bonds	18,063	–	18,063
	<b>22,381</b>	<b>–</b>	<b>22,381</b>
<b>2020</b>			
Payables and accruals	807	894	1,701
Lease liabilities	60	43	103
Borrowings	1,190	2,647	3,837
	<b>2,057</b>	<b>3,584</b>	<b>5,641</b>

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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Silkroad Nickel Ltd. and its subsidiaries

**26 Financial instruments (cont'd)**

**c) Offsetting financial assets and financial liabilities**

*Financial assets and financial liabilities subject to offsetting arrangements*

In the previous financial year, the Group purchases inventories nickel pig iron from and sell nickel ore to a third party. Both parties have an arrangement to settle the net amount due to or from each other on a repayable on demand basis.

The Group's and the Company's receivables and payables that are off-set in the financial year ended 31 December 2020 are as follows:

	<b>Gross carrying amounts US\$'000</b>	<b>Gross amounts offset in the statement of financial position US\$'000</b>	<b>Net amounts in the statement of financial position US\$'000</b>
<b>2020</b>			
<b>Group</b>			
Trade receivables	9,434	(2,091)	7,343
Trade payables	(6,299)	2,091	(4,208)
<hr/>			
<b>Company</b>			
Receivables - loan to a subsidiary	5,043	(2,091)	2,952
Trade payables	(2,170)	2,091	(79)
<hr/>			

**27 Fair values of assets and liabilities**

**a) Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Silkroad Nickel Ltd. and its subsidiaries

**27 Fair values of assets and liabilities (cont'd)**

**b) Fair value measurements of assets and liabilities that are measured at fair value**

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting period:

	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>2021</b>				
<b>Group</b>				
<i>Liabilities</i>				
Financial liabilities at FVTPL	–	–	<b>5,517</b>	<b>5,517</b>
<b>Company</b>				
<i>Liabilities</i>				
Financial liability at FVTPL	–	–	<b>1,609</b>	<b>1,609</b>

The basis for determining fair values at the end of the reporting period and the movements in Level 3 are disclosed in Note 20.

**c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The carrying amounts of financial assets and liabilities (except for non-current receivables, non-current borrowings, non-current payables, lease liabilities and exchangeable bonds) are reasonable approximation of their fair values due to relatively short-term maturity of these financial instruments or where the effect of discounting is immaterial.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the directors expect would be available to the Group and the Company at the end of the reporting period, the carrying amounts of non-current receivables, non-current borrowings and non-current payables approximates their fair values at the end of the reporting period as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rates at initial measurement date. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

The basis of determining fair values of amounts due to related parties and ultimate holding company, for disclosures at the end of the reporting period are disclosed in Note 21.

**d) Valuation process applied by the Group**

For valuation of exchangeable rights and option performed by external valuer, the management considers the appropriateness of the valuation methodology and significant inputs applied by the external valuer. The valuation report and changes in fair value measurements are analysed and reported to the Group's Chief Financial Officer regularly. Significant valuation issues are reported to the Audit Committee.

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Silkroad Nickel Ltd. and its subsidiaries

**28 Capital commitments**

Capital commitments not provided for in the financial statements:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
Capital commitments in respect to the construction in progress under property, plant and equipment	<b>157</b>	–	–	–

**29 Capital management**

The primary objective of the Group’s capital management is to safeguard the Group’s ability to continue as a going concern and to maintain optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain borrowings or sell assets to reduce borrowings.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

**30 Subsequent events**

On 25 February 2022, the Company’s wholly owned subsidiary, Silkroad Metal Industries Pte. Ltd. acquired 99% of the issued share capital of PT Anugrah Tambang Smelter (“PT ATSM”) for a cash consideration of US\$20,000. PT ATSM is owned by a director of the Group and a director-related company. The provisional determined fair value of the net identifiable assets of PT ATSM based on the latest available information prior to the date of acquisition was US\$22,616. The operating results and assets and liabilities of PT ATSM will be reflected in the 2022 half yearly financial information results announcement.

**31 Authorisation of financial statements**

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 14 April 2022.

**APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1HFY2022**

**A Condensed interim consolidated statement of profit or loss and other comprehensive income**

	Note	Group		% Change
		6 months ended	6 months ended	
		30/6/2022 (Unaudited) US\$'000	30/6/2021 (Unaudited) US\$'000	
Revenue	6	22,665	7,764	n.m.
Cost of goods sold		(11,058)	(5,389)	n.m.
<b>Gross profit</b>		<b>11,607</b>	<b>2,375</b>	n.m.
Other income		13	19	(31.6%)
<b>Expenses</b>				
Administrative expenses		(4,116)	(1,655)	n.m.
Selling and distribution expenses		(406)	(37)	n.m.
Other expenses		(209)	-	n.m.
Finance costs		(594)	(197)	n.m.
		(5,325)	(1,889)	
<b>Profit before tax</b>	8	<b>6,295</b>	<b>505</b>	n.m.
Tax expense	10	(2,125)	(12)	n.m.
<b>Profit after tax</b>		<b>4,170</b>	<b>493</b>	n.m.
<b>Total comprehensive income for the period</b>		<b>4,170</b>	<b>493</b>	n.m.
<b>Earnings per share:</b>				
- Basic <sup>1</sup> (US cents)		1.60	0.19	n.m.
- Diluted <sup>2</sup> (US cents)		0.42	0.19	n.m.
<b>EBITDA:</b>				
<b>Profit after tax</b>		<b>4,170</b>	<b>493</b>	
Add: Depreciation expense		515	402	
Add: Finance costs		594	197	
Add: Tax expense		2,125	12	
		<b>7,404</b>	<b>1,104</b>	

*EBITDA – Earnings before interest, tax, depreciation and amortisation*

*n.m. – not meaningful*

<sup>1</sup> Computed based on profit after tax for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

<sup>2</sup> Computed based on profit after tax adjusted for the effects of changes in income and expenses and non-controlling's share of profit of the subsidiaries that would result from the exercise of exchangeable rights and option of the exchangeable bond. Please refer to Note 20 to the Financial Statements of the Group's latest audited consolidated financial statements for the year ended 31 December 2021, as set out in the Company's annual report 2021, for information on the exchangeable bond.

**APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1HFY2022**

**B Condensed interim statements of financial position**

	Note	Group As at		Company As at	
		30/6/2022 (Unaudited) US\$'000	31/12/2021 (Audited) US\$'000	30/6/2022 (Unaudited) US\$'000	31/12/2021 (Audited) US\$'000
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	66,241	66,241
Property, plant and equipment	12	15,104	12,860	12	37
Deferred tax assets		372	387	-	-
Receivables		352	352	2,380	1,375
		<b>15,828</b>	<b>13,599</b>	<b>68,633</b>	<b>67,653</b>
<b>Current assets</b>					
Inventories		3,612	1,637	-	-
Receivables and prepayments		9,564	10,228	2,594	2,624
Cash and cash equivalents		10,962	9,457	6,816	8,659
		<b>24,138</b>	<b>21,322</b>	<b>9,410</b>	<b>11,283</b>
<b>Total assets</b>		<b>39,966</b>	<b>34,921</b>	<b>78,043</b>	<b>78,936</b>
<b>Non-current liabilities</b>					
Liabilities for post-employment benefits		652	583	-	-
Lease liabilities		249	186	-	-
Provisions		842	873	-	-
		<b>1,743</b>	<b>1,642</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Payables and accruals		3,002	4,272	4,731	4,276
Lease liabilities		15	179	15	40
Tax payables		4,109	1,873	22	17
Borrowings	13	673	701	-	-
Exchangeable bond		15,070	15,070	11,162	11,162
		<b>22,869</b>	<b>22,095</b>	<b>15,930</b>	<b>15,495</b>
<b>Total liabilities</b>		<b>24,612</b>	<b>23,737</b>	<b>15,930</b>	<b>15,495</b>
<b>Net assets</b>		<b>15,354</b>	<b>11,184</b>	<b>62,113</b>	<b>63,441</b>
<b>Equity</b>					
Share capital	14	8,979	8,979	86,387	86,387
Accumulated profits/(losses)		6,375	2,205	(24,274)	(22,946)
<b>Total equity</b>		<b>15,354</b>	<b>11,184</b>	<b>62,113</b>	<b>63,441</b>

**APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1HFY2022**

**C Condensed interim statements of changes in equity**

(Unaudited)	Share capital US\$'000	Accumulated profits/(losses) US\$'000	Total equity US\$'000
<b>Group</b>			
<b>Balance as at 1 January 2022</b>	<b>8,979</b>	<b>2,205</b>	<b>11,184</b>
Total comprehensive income for the period	-	4,170	4,170
<b>Balance as at 30 June 2022</b>	<b>8,979</b>	<b>6,375</b>	<b>15,354</b>
<b>Balance as at 1 January 2021</b>	<b>8,979</b>	<b>(198)</b>	<b>8,781</b>
Total comprehensive income for the period	-	493	493
<b>Balance as at 30 June 2021</b>	<b>8,979</b>	<b>295</b>	<b>9,274</b>

(Unaudited)	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<b>Company</b>			
<b>Balance as at 1 January 2022</b>	<b>86,387</b>	<b>(22,946)</b>	<b>63,441</b>
Total comprehensive loss for the period	-	(1,328)	(1,328)
<b>Balance as at 30 June 2022</b>	<b>86,387</b>	<b>(24,274)</b>	<b>62,113</b>
<b>Balance as at 1 January 2021</b>	<b>86,387</b>	<b>(19,537)</b>	<b>66,850</b>
Total comprehensive loss for the period	-	(730)	(730)
<b>Balance as at 30 June 2021</b>	<b>86,387</b>	<b>(20,267)</b>	<b>66,120</b>

**APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1HFY2022**

**D Condensed interim consolidated statement of cash flows**

	Note	Group	
		30/06/2022 (Unaudited) US\$'000	30/06/2021 (Unaudited) US\$'000
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>6,295</b>	<b>505</b>
Adjustments for:			
Amortisation of discount on provision for assets retirement obligations	8	7	6
Depreciation of property, plant and equipment	8	515	402
Interest income	8	(5)	(4)
Interest expense	8	587	191
Post-employment benefits		97	108
Provision for mine reclamation and rehabilitation		31	31
Unrealised foreign exchange loss		(99)	(34)
Operating cash flows before working capital changes		7,428	1,205
Changes in operating assets and liabilities			
Inventories		(1,974)	1,764
Receivables and prepayments		982	(3,032)
Payables and accruals		(1,665)	(136)
Cash generated from/(used in) operations		4,771	(199)
Interest received		5	4
Taxes paid		(322)	(94)
<b>Net cash generated from/(used in) operating activities</b>		<b>4,454</b>	<b>(289)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(2,759)	(13)
<b>Net cash used in investing activities</b>		<b>(2,759)</b>	<b>(13)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(62)	(216)
Net repayment to ultimate holding company		-	(836)
Loan from third parties		-	2,498
Repayment of loans from third parties		-	(794)
Repayment of lease liabilities		(101)	(106)
<b>Net cash (used in)/generated from financing activities</b>		<b>(163)</b>	<b>546</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,532</b>	<b>244</b>
Cash and cash equivalents at beginning of financial period		9,456	33
Effects of exchange rate changes on cash and cash equivalents		(26)	(1)
<b>Cash and cash equivalents at end of financial period</b>		<b>10,962</b>	<b>276</b>

**E Notes to the condensed interim consolidated financial statements****1. Corporate information**

The Company (Co. Reg. No. 200512048E) is incorporated and domiciled in Singapore as a limited liability company. The registered office is located at 50 Armenian Street, #03-04, Singapore 179938. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company. The principal activity of the Group is mining of nickel ore.

The immediate and ultimate holding company is Far East Mining Pte. Ltd., a company incorporated in Singapore.

**2. Basis of preparation**

The condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards International (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual audited consolidated financial statements for the year ended 31 December 2021.

The accounting policies and methods of computation adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the year ended 31 December 2021, which were prepared in accordance with SFRS(I)s. The Group has adopted all the applicable new and revised SFRS(I)s and SFRS(I) Interpretations that are mandatory for the accounting periods beginning on or after 1 January 2022.

The financial statements, presented in United States dollar (“**US\$**” or “**USD**”), which is the Company’s functional currency and all financial information presented in United States dollar are rounded to the nearest thousand (US\$’000) except when otherwise indicated.

**3. New and amended standards adopted by the Group**

The Group and the Company have adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations that are relevant to its operations and effective for annual period beginning on 1 January 2022. The adoption of the new and revised standards and interpretations is assessed to have no material effect on the financial performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new and revised standards and interpretations.

**4. Use of judgements and estimates**

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation were the same as those that applied to the most recently audited consolidated financial statements as at and for the year ended 31 December 2021.

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

## APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1HFY2022

Areas involving assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities, are disclosed as below:

- (a) Fair value estimation of derivative components in the exchangeable bond;
- (b) Impairment of investment in subsidiaries;
- (c) Calculation of loss allowance;
- (d) Provision for mine reclamation and rehabilitation and assets retirement obligations;
- (e) Estimated useful lives of property, plant and equipment;
- (f) Reserve estimates;
- (g) Income taxes; and
- (h) Impairment of non-current assets.

### 5. Seasonal operations

The Group's business has not been affected significantly by seasonal or cyclical factors during the six months ended 30 June 2022.

### 6. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Mining; and
- Segment 2: Smelter

These operating segments are reported in a manner consistent with internal reporting provided to Mr. Hong Kah Ing, Executive Director and Chief Executive Officer of the Company, who is responsible for allocating resources and assessing performance of the operating segments.

	<u>Mining</u>	<u>Smelter</u>	<u>Consolidated</u>
	US\$'000	US\$'000	US\$'000
<b>1 January 2022 to 30 June 2022</b>			
<b>Revenue</b>			
External sales/Total revenue	22,665	-	22,665
<b>Segment results</b>			
Segment profit/(loss)	7,705	(547)	7,158
Corporate expenses			(274)
Interest income			5
Finance costs			(594)
Profit before taxation			6,295
Tax expense			(2,125)
Profit for the period ended 30 June 2022			4,170
<b>Segment assets</b>			
Segment assets	38,979	987	39,966
Consolidated total assets as at 30 June 2022			39,966
<b>Segment liabilities</b>			
Segment liabilities	4,448	48	4,496
Exchangeable bond			15,070
Income tax liabilities			4,109
Borrowings and lease liabilities			937
Consolidated total liabilities as at 30 June 2022			24,612
<b>Other information</b>			
Capital expenditure on			
- Property, plant and equipment	1,991	768	2,759
Other non-cash expense:			
- Depreciation of property, plant and equipment	515	-*	515

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**APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1HFY2022**


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\* Amount less than US\$1,000

In 1H2021, the Group had only one reportable segment, which was nickel ore mining.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Indonesia US\$'000	Group Singapore US\$'000	Consolidated US\$'000
<b>Revenue</b>			
<b>6 months ended 30 June 2022</b>			
Total sales to external customers	22,665	-	22,665
<b>6 months ended 30 June 2021</b>			
Total sales to external customers	5,914	1,850	7,764
<b>Non-current assets</b>			
<b>As at 30 June 2022</b>			
	15,092	12	15,104
<b>As at 31 December 2021</b>			
	12,823	37	12,860

Non-current assets information presented above are non-current assets as presented on the condensed interim consolidated statement of financial position excluding financial instruments and deferred tax assets.

*Information about major customers*

Sale of nickel ore of US\$22.7 million (six months ended 30 June 2021: US\$5.9 million) is derived from two (six months ended 30 June 2021: one) external customers who individually contributed 10% or more of the Group's total revenue as detailed below:

	Group 6 months ended 30 June 2022 US\$'000	Group 6 months ended 30 June 2021 US\$'000
<b>Nickel ore</b>		
Customer 1	19,598	5,914
Customer 2	3,067	-
	22,665	5,914
<b>Nickel pig iron</b>		
Customer 3	-	1,850
	22,665	7,764

**7. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Financial assets</i>				
At amortised cost	17,742	18,907	11,772	12,639
<i>Financial liabilities</i>				
At amortised cost	19,094	17,420	14,299	13,867
At fair value through profit and loss	5,517	5,517	1,609	1,609
	<u>24,611</u>	<u>22,937</u>	<u>15,908</u>	<u>15,476</u>

The Group engages external, independent and qualified valuer to determine the fair value of the Group's exchangeable bond at the end of financial year. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between the management and the independent valuer at the end of the financial year.

The Group's exchangeable bond was allocated between liability and derivative components. The liability component is measured at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components, representing the exchangeable rights and option are recognised at fair value on issue date and any subsequent changes in fair values at the end of reporting period are recognised in profit or loss. This is a level 3 recurring fair value measurement due to significant unobservable inputs. The external valuer applied the Binomial Tree Model to estimate fair values of the exchangeable right and option at each valuation dates. Estimating fair values for the exchangeable right and option require determining the most appropriate valuation model and determining the most appropriate inputs to the valuation model including expected volatility, risk-free rate, risky rate and dividend yield.

**8. Profit before tax**

Profit before tax has been arrived after charging/(crediting):

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	US\$'000	US\$'000
Staff costs	1,429	788
Interest income	(5)	(4)
Government grant	(2)	(15)
Interest expenses		
- borrowings	45	181
- lease liabilities	17	10
- exchangeable bond	525	-
Amortisation of discount on provision for assets retirement obligations	7	6
Depreciation of property, plant and equipment	515	402
Foreign exchange loss, net	320	68

**9. Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in this set of condensed interim consolidated financial statements for the six months ended 30 June 2022.

## 10. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group 6 months ended 30 June 2022 US\$'000	Group 6 months ended 30 June 2021 US\$'000
Current income tax expense	2,125	12

## 11. Net Asset Value

	Group		Company	
	As at 30 June 2022 US cents	As at 31 December 2021 US cents	As at 30 June 2022 US cents	As at 31 December 2021 US cents
Net asset value per ordinary share	5.88	4.28	23.78	24.29

The net asset value per ordinary share of the Group and the Company as at 30 June 2022 and 31 December 2021 are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 261,213,792.

## 12. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to US\$2,759,000 (six months ended 30 June 2021: US\$13,000) and disposed of assets amounting to US\$Nil (six months ended 30 June 2021: US\$Nil).

## 13. Borrowings

	Group		Company	
	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
<i>Amount repayable within one year or on demand</i>				
Unsecured	673	701	-	-

The Group and the Company did not have any borrowings repayable after one year as at 30 June 2022 and 31 December 2021.

**14. Share capital**

	30 June 2022		31 December 2021	
	Number of ordinary shares	US\$'000	Number of ordinary shares	US\$'000
<b>Group</b>				
Beginning and end of interim period/financial year	261,213,792	8,979	261,213,792	8,979
<b>Company</b>				
Beginning and end of interim period/financial year	261,213,792	86,387	261,213,792	86,387

All issued shares are fully paid ordinary shares with no par value.

The Company did not have any outstanding convertible shares as at 30 June 2022 and 30 June 2021.

The Company did not hold any treasury shares as at 30 June 2022, 31 December 2021 and 30 June 2021.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2022, 31 December 2021 and 30 June 2021.

**15. Acquisition of subsidiary**

On 25 February 2022, the Company's wholly-owned subsidiary, Silkroad Metal Industries Pte. Ltd., acquired 99% of the issued share capital of PT Anugrah Tambang Smelter ("PT ATSM") for a cash consideration of US\$20,000.

	US\$'000
<b>Purchase consideration</b>	
Cash paid	20

Fair value of identifiable assets and liabilities at acquisition date

	US\$'000
Cash and cash equivalents	10
Property, plant and equipment	1
Receivables	11
Total identifiable assets acquired at estimated fair value	22

The gain on acquisition of US\$2,000 has been included in other income.

**16. Subsequent events**

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements for the six months ended 30 June 2022.

**F Other Information Required Pursuant to Appendix 7C of the Catalist Rules****1. Review**

The condensed interim consolidated statement of financial position of Silkroad Nickel Ltd. and its subsidiaries as at 30 June 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six months ended 30 June 2022 and explanatory notes have not been audited or reviewed by the Company's auditors.

**2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The Group's latest audited consolidated financial statements for the financial year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

**3. Review of performance of the Group****Review of the consolidated profit or loss and other comprehensive income for the six months ended 30 June 2022 ("1H2022") as compared to the six months ended 30 June 2021 ("1H2021")****(a) Revenue**

The Group recorded a total revenue of US\$22.7 million in 1H2022 from the sale of nickel ore.

The Group completed the sale of 448,065 metric tonnes of nickel ore in 1H2022 generating a revenue of US\$22.7 million, which was a significant increase as compared to a revenue of US\$5.9 million generated in 1H2021 from the sale of 159,341 metric tonnes of nickel ore. In addition to the higher quantity of nickel ore sold in 1H2022, the quality of nickel ore sold by the Group was higher in 1H2022, which commended higher selling prices, and the average selling price of nickel ore in 1H2022 was higher based on the benchmark pricing as determined by Indonesia's Ministry of Energy and Mineral Resources, as compared to 1H2021.

There was no sale of nickel pig iron in 1H2022, as compared to 1H2021 where the Group completed a one-off US\$1.9 million sale of nickel pig iron to a customer.

**(b) Cost of goods sold**

The Group's total cost of goods sold increased by US\$5.7 million, from US\$5.4 million in 1H2021 to US\$11.1 million in 1H2022, mainly due to the increase in sale of nickel ore in 1H2022, as compared to 1H2021.

**(c) Gross profit margin**

As a result of the above, gross profit increased by US\$9.2 million, from a gross profit of US\$2.4 million in 1H2021 to a gross profit of US\$11.6 million in 1H2022. Overall, the gross profit margin increased to 51.2% in 1H2022, as compared to a gross profit margin of 30.6% in 1H2021.

**(d) Administrative expenses**

The Group's administrative expenses increased by US\$2.5 million, from US\$1.7 million in 1H2021 to US\$4.2 million in 1H2022. The increase in administrative expenses related to an increase in costs in the mining business as a result of higher sales in 1H2022. Professional fees increased by US\$0.5 million, staff costs including incentives increased by US\$0.3 million, value-added tax expenses increased by US\$0.3 million, coordination and logistics expenses increased by US\$0.9 million, foreign exchange loss increased by US\$0.3 million, as well as travelling and entertainment expenses increased by US\$0.2 million in 1H2022, as compared to 1H2021.

**(e) Selling and distribution expenses**

Selling and distribution expenses increased by US\$369,000, from US\$37,000 in 1H2021 to US\$406,000 in 1H2022, mainly due to the higher sales in 1H2022, as compared to 1H2021.

**(f) Other expenses**

Other expenses of US\$0.2 million incurred in 1H2022 were in relation to the evaluation, technical due diligence, feasibility studies and engineering design of the smelter projects. There were no such other expenses incurred in 1H2021.

**(g) Finance costs**

Finance costs increased by US\$0.4 million, from US\$0.2 million in 1H2021 to US\$0.6 million in 1H2022, mainly due to interest expenses accrued on the exchangeable bond.

**(h) Tax expense**

Tax expense increased by US\$2.1 million, from US\$12,000 in 1H2021 to US\$2.1 million in 1H2022 due to an increase in taxable profits recorded in 1H2022, as compared to 1H2021.

**(i) Profit after tax**

The Group recorded a profit after tax of US\$4.2 million for 1H2022, as compared to a profit after tax of US\$0.5 million for 1H2021, as a result of the above.

**(j) EBITDA**

The Group's EBITDA was US\$7.4 million in 1H2022, as compared to an EBITDA of US\$1.1 million in 1H2021.

**Review of Financial Position as at 30 June 2022 as compared to 31 December 2021*****Non-Current Assets***

The Group's non-current assets increased by US\$2.2 million, from US\$13.6 million as at 31 December 2021 to US\$15.8 million as at 30 June 2022, mainly due to the increase in property, plant and equipment. Property, plant and equipment increased mainly due to infrastructure costs incurred for (i) expanding and improving of roads; (ii) upgrading of jetties and new staff accommodation buildings; and (iii) expanding of mining pit areas required to increase nickel ore production.

***Current Assets***

Current assets increased by US\$2.8 million, from US\$21.3 million as at 31 December 2021 to US\$24.1 million as at 30 June 2022, mainly due to the increase in inventories and the increase in cash and cash equivalents, partially offset by the decrease in receivables and prepayments.

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## APPENDIX E – UNAUDITED FINANCIAL INFORMATION OF THE GROUP FOR 1HFY2022

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- (i) Inventories increased by US\$2.0 million, from US\$1.6 million as at 31 December 2021 to US\$3.6 million as at 30 June 2022. The increase was mainly due to the increase in production of nickel ore for the fulfillment of customers' order in the second half of 2022.
- (ii) Receivables and prepayments decreased by US\$0.6 million, from US\$10.2 million as at 31 December 2021 to US\$9.6 million as at 30 June 2022. The decrease was mainly due to repayment from customers.

Please refer to sub-section below titled "Review of Statement of Cash Flows" on the reasons for the increase in cash and cash equivalents.

### ***Non-Current Liabilities***

Non-current liabilities remained relatively stable at US\$1.7 million as at 30 June 2022, as compared to US\$1.6 million as at 31 December 2021.

### ***Current Liabilities***

Current liabilities increased by US\$0.8 million, from US\$22.1 million as at 31 December 2021 to US\$22.9 million as at 30 June 2022, mainly due to the increase in tax payables of US\$2.3 million attributable to higher taxable profits in 1H2022, partially offset by a US\$1.5 million decrease in payables and accruals, mainly due to repayment of outstanding payables as at 31 December 2021.

### ***Equity***

As a result of the above, total equity of the Group increased by US\$4.2 million, from US\$11.2 million as at 31 December 2021 to US\$15.4 million as at 30 June 2022.

### ***Working Capital Position***

The Group reported an improved positive working capital position of US\$1.3 million as at 30 June 2022, as compared to a negative working capital position of US\$0.8 million as at 31 December 2021.

## **Review of Statement of Cash Flows**

### **1H2022**

Net cash generated from operating activities of US\$4.5 million in 1H2022 was attributable to (i) operating cash inflows before working capital changes of US\$7.4 million; and (ii) a net working capital outflow of US\$2.7 million resulting from a decrease of US\$1.0 million in receivables and prepayments and a decrease of US\$1.7 million in payables and accruals, together with an increase of US\$2.0 million in inventories in 1H2022. The Group also paid tax amounting to US\$0.3 million in 1H2022.

Net cash used in investing activities of US\$2.8 million in 1H2022 were all related to expansion and improvements of the mining infrastructure.

Net cash used in financing activities of US\$163,000 in 1H2022 was attributable to interest paid of US\$62,000 and payment of lease liabilities of US\$101,000.

As a result of the above, the Group's cash and cash equivalents (after netting the effects of exchange rate changes) increased by US\$1.5 million, from US\$9.5 million as at 1 January 2022 to US\$11.0 million as at 30 June 2022.

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

The condensed interim consolidated financial statements for 1H2022 as set out in this announcement, are in line with the profit guidance announcement for 1H2022 released by the Company on 2 August 2022.

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

The COVID-19 pandemic remains an evolving situation with new variants emerging in Asia. As at the date of this announcement, the COVID-19 pandemic has not caused significant disruption to the Group's business and operations. Notwithstanding this, the Group will continue to monitor its operations and health and safety of its employees in Singapore and Indonesia.

Current review of the Indonesian Mining Industry

The Indonesian government has made a strategic shift towards supporting domestic value-added nickel pig iron production and there is a rapidly growing demand for nickel and cobalt from the electric vehicle (“EV”) battery manufacturers. Nickel is widely considered a “future-facing” commodity as it is a critical raw ingredient for steel, as well as the batteries which power the growing market for EVs. The global stainless steel production has increased by 10.6% year-on-year to 56.3 million tons in 2021, and the forecast production for 2022 is 60 million tons, up by 6.5% for 2021<sup>3</sup>. The stainless steel market is projected to grow from US\$176 billion in 2021 to US\$268 billion by 2028 at a CAGR of 6.2% during the 2021-2028 period (average price range US\$3,100 to US\$4,400 per metric ton)<sup>4</sup>. In addition, the outlook for nickel prices is expected to remain positive as Class 1 London Metal Exchange nickel prices are expected to stabilise above their recently established range of US\$25,000 per tonne to US\$30,000 per tonne. Nickel prices had risen over the course of 2021 from its lowest range of US\$15,950 per tonne at the beginning of 2021 to reach US\$22,700 per tonne at the end of June 2022, as quoted on the London Metal Exchange<sup>5</sup>.

Update on smelter projects

On 25 February 2022, the Group has completed the acquisition of PT ATSM. The Group is committed to its strategy of expanding its business for the production and export of nickel pig iron. The Group continues to assess and discuss with various financing and operating partners on the feasibility and financing of the smelter facilities in Sulawesi, Indonesia. The Company will provide its shareholders with updates on any such material developments, in accordance with the requirements of the Catalist Rules.

**6. Dividend Information**

No interim dividend has been declared or recommended for 1H2022 as the Group wishes to conserve its cash resources for its mining operations and downstream smelter projects. No interim dividend had been declared or recommended for 1H2021.

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<sup>3</sup> <https://bssa.org.uk/stainless-steel-production-increases-by-10-6-to-56-3-million-tons-in-2021-2/>

<sup>4</sup> <https://www.globenewswire.com/news-release/2022/03/22/2407696/0/en/Stainless-Steel-Market-to-Worth-USD-268-46-Billion-by-2021-2028-Stainless-Steel-Industry-CAGR-of-6-2.html>

<sup>5</sup> As quoted from the London Metal Exchange (Nickel)

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**7. Interested person transactions**

The Company does not have a general mandate from shareholders for interested person transactions.

Details of the interested person transactions (excluding any transaction below S\$100,000) for 1H2022 are as follows:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (S\$'000)
PT Bina Mitra Serasi (" <b>PT BMS</b> ")  - Rental of cars by PT Teknik Alum Service (a subsidiary of the Company) from PT BMS	PT BMS is 4% and 96% owned by (i) Mr. Hong Kah Ing (" <b>Mr. Hong</b> "), who is a controlling shareholder of the Company and the Executive Director and Chief Executive Officer of the Group; and (ii) Mr Hong's spouse, respectively.	79	-
<b>Total</b>		<b>79</b>	<b>-</b>

**8. Additional disclosures required for mineral, oil and gas companies**

**(a) Rule 705(6)(a) of the Catalist Rules**

**(i) Use of funds/cash for the quarter**

For the second quarter from 1 April 2022 to 30 June 2022 ("**2Q2022**"), funds/cash were mainly used by the Group for the following activities:

Purpose	Forecasted usage of funds (US\$'000)	Actual usage of funds (US\$'000)
Development activities	100	-
Production activities	5,000	6,276
General working capital	2,500	2,174
<b>Total</b>	<b>7,600</b>	<b>8,450</b>

There were no development activities in 2Q2022.

Actual funds used for production activities in 2Q2022 was US\$1.3 million higher than forecasted as the Group increased its production capacity to fulfill its customer contracts.

Actual funds used for general working capital in 2Q2022 was US\$0.3 million lower than forecasted primarily as a result of the Group's continued prudent cost management measures, which resulted in cost reduction.

**(ii) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions**

For the next immediate quarter from 1 July 2022 to 30 September 2022 (“3Q2022”), the Group’s use of funds are expected to be as follows:

<b>Purpose</b>	<b>Amount (US\$'000)</b>
Development activities	300
Production activities	6,500
General working capital	2,500
<b>Total</b>	<b>9,300</b>

Principal assumptions

Projected use of funds is based on the current production and sales estimates to fulfill the customer contract. Expenses incurred for the Group’s mine development activities, will vary according to the Group’s rate of nickel mining and production. Accordingly, if the Group’s rate of nickel mining and production changes, the Group’s use of funds for mine development activities will change as well.

In addition, the level of exploration and production activities at the Group’s mine site will vary depending on the weather conditions, the development of the COVID-19 pandemic as well as the COVID-19 safety considerations and travel restrictions imposed by the Indonesian Government and/or regulatory authorities.

**(b) Rule 705(6)(b) of the Catalist Rules**

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to its attention which may render the information provided in this announcement to be false or misleading in any material aspect.

**(c) Rule 705(7) of the Catalist Rules**

**Details of any exploration (including geophysical surveys), development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.**

During 2Q2022, no exploration and development activities were carried out.

In relation to production activities, a total of approximately 280,452 metric tons of nickel ore was produced during 2Q2022. Please refer to part (i) to Rule 705(6)(a) of the Catalist Rules above for information on the amount of expenditure incurred on the production activities in 2Q2022.

**9. Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules**

On 25 February 2022, the Company’s wholly-owned subsidiary, Silkroad Metal Industries Pte Ltd effected the transfer of the equity interest of 99% of the issued share capital of PT ATSM from Mr. Hong (Executive Director and Chief Executive Officer of the Company) (1%) and PT BMS (an associate of Mr. Hong) (98%), and completed the acquisition of PT ATSM for a cash consideration of US\$20,000. Please refer to the Company’s announcements dated 3 December 2020 and 28 February 2022 for further information on the aforesaid acquisition.

Save for the above, the Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period, up to 30 June 2022.

**10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured the required undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

**11. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim consolidated financial statements of the Group for the six months ended 30 June 2022 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

\_\_\_\_\_  
Hong Kah Ing  
Executive Director and Chief Executive Officer

\_\_\_\_\_  
Syed Abdel Nasser Bin Syed Hassan Aljunied  
Executive Director

**By Order of the Board  
Silkroad Nickel Ltd.**

Hong Kah Ing  
Executive Director and Chief Executive Officer

8 August 2022, Singapore

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## APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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An extract of the relevant provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting is reproduced below.

Capitalised terms and expressions not defined in the extract have the meanings ascribed to them in the Constitution and/or the Companies Act. The Constitution is available for inspection at the registered address of the Company at 50 Armenian Street, Wilmer Place #03-04, Singapore 179938.

### ISSUE OF SHARES

4. The shares in the original or any increased capital of the Company may be divided into several classes and there may be attached thereto respectively any preferential deferred qualified or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.
5. The shares taken by the subscribers to the Constitution shall be issued by the Directors. Subject as aforesaid and to this Constitution, the Directors may allot and issue the same to such persons on such terms and conditions and at such times as the Directors think fit.
6. Any expenses (including brokerage or commission) incurred directly by the Company in the issue of new shares may be paid out of the proceeds of the issue or the Company's share capital. Such payment shall not be taken as reducing the amount of share capital of the Company.
7. (A) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; Provided Always That the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares of the Company.  
(B) The Company may issue shares for which no consideration is payable to the Company.
8. Holders of preference shares shall have:
  - (A) the same rights as ordinary shareholders as regards receiving notices, reports and financial statements, and attending general meetings of the Company; and
  - (B) the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the Company's undertaking, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividends on the preference shares are in arrears for more than six months.
- 8A. The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

### VARIATION OF RIGHTS

9. (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the Statutes, be varied or abrogated either with the consent in writing of holders who represent at least three-quarters of the total voting rights of all the shares of that class or by a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company

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## APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting, all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of all the shares of that class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the shares of that class concerned within two Months of such General Meeting shall be as valid and effectual as a Special Resolution passed at such General Meeting. The foregoing provisions of this regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED THAT where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from holders who represent at least three-quarters of the total voting rights of all the preference shares concerned within two Months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

### ALTERATION OF SHARE CAPITAL

- 10. The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by the allotment and issue of new shares.
- 11. (A) Subject to the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed or to any direction to the contrary that may be given by the Company in a General Meeting, all new shares of whatever kind shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this regulation 11(A).
- (B) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with

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## APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

12. Notwithstanding the provisions herein, the Company may by ordinary resolution in general meeting give to the Directors general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:
- (A) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (B) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and/or
  - (C) (notwithstanding that the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

### PROVIDED THAT

- (i) the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution), does not exceed 100% (or such other limit as may be prescribed by any rules or by any supplemental measures of the Securities Exchange from time to time) of the total number of issued shares of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution), does not exceed 50% (or such other limit as may be prescribed by any rules or by any supplemental measures of the Securities Exchange from time to time) of the total number of issued shares of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below):
  - (ii) (subject to such manner of calculation as may be prescribed by any rules or by any supplemental measures of the Securities Exchange from time to time) for the purpose of determining the aggregate number of shares excluding treasury shares that may be issued under sub-paragraph above, the percentage of issued share capital shall be calculated based on the total number of issued shares of the Company excluding treasury shares at the time of the passing of the ordinary resolution, after adjusting for:
    - (A) new shares arising from the conversion, exercise or vesting, as the case may be, of convertible securities, share options or share awards outstanding or subsisting at the time of the passing of the ordinary resolution; provided that such options or awards were granted pursuant to a share option scheme effected and administered in compliance with the rules of the Securities Exchange; and
    - (B) any subsequent bonus issue, consolidation or subdivision of shares;

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## APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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- (iii) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the listing rules or any supplemental measures of the Securities Exchange for the time being in force (unless such compliance is waived by the Securities Exchange) and these regulations; and
    - (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the annual general meeting of the Company next following the passing of the ordinary resolution, or the date by which such annual general meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).
  - 13. The Company may by Ordinary Resolution:
    - (i) consolidate and divide all or any of its shares;
    - (ii) cancel any shares which, at the date of the passing of the resolution, have been forfeited and diminish the amount of its capital by the number of shares so cancelled;
    - (iii) sub-divide its shares, or any of them in accordance with the Statutes and the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed, and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;
    - (iv) subject to the Statutes, convert any class of paid-up shares into any other class of paid-up shares; or
    - (v) subject to the provisions of this Constitution and the Statutes, convert its share capital or any class of shares from one currency to another currency.
  - 14. (A) The Company may reduce its share capital or any reserve in any manner and with and subject to any incident authorised and consent required by law.
  - (B) Subject to the Statutes, the listing rules of the Securities Exchange and other written law, the Company may purchase or otherwise acquire any of its shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms and in such manner as the Company may from time to time think fit and in the manner prescribed by the Statutes. If required by the Statutes, any share which is so purchased or acquired by the Company, unless held as treasury shares in accordance with the Statutes, shall be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share (including treasury shares) which is so purchased or acquired by it in accordance with the Statutes.
15. Shares that the Company purchases or otherwise acquires may be held as treasury shares in accordance with the provisions of these presents and the Act.

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## APPENDIX F – EXTRACTS FROM THE COMPANY'S CONSTITUTION

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16. Where the shares purchased or otherwise acquired are held as treasury shares by the Company, the Company shall be entered in the Register of Members as the Member holding the treasury shares.
17. The Company shall not exercise any right in respect of the treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

### SHARES

18. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way (except by the Statutes or the provisions of these presents) to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee, as the case may be) entered in the Register of Members as the registered holder thereof or (as the case may be) a person whose name is entered in the Depository Register in respect of that share.
19. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable to be redeemed.
20. Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
21. The Company may exercise the powers of paying commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly shares or partly in one way and partly in the other.
22. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up (except treasury shares) and may charge the same to capital as part of the cost of the construction or provision.
23. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the securities exchange upon which shares in the Company are listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a

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Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

### SHARE CERTIFICATES

24. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class.
25. (A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased Member.
- (B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
26. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, the Company shall despatch to every person whose name is entered as a Member in the Register of Members and who is entitled to receive such certificate, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred, within ten Market Days of the closing date of any application for shares (or such other period as may be approved by the securities exchange upon which shares in the Company are listed) or within ten Market Days after the date of lodgement of a registrable transfer (or such other period as may be approved by the securities exchange upon which shares in the Company are listed). Where such a Member transfers part only of the shares comprised in a certificate or where such a Member requires the Company to cancel any certificate or certificates and issue new certificate or certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of \$2 for each new certificate (or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the securities exchange upon which shares in the Company are listed).
27. (A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.
- (B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the securities exchange upon which shares in the Company are listed.

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- (C) In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
28. Subject to the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the securities exchange upon which shares in the Company are listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$2 as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

### CALLS ON SHARES

29. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
30. Each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company, the amount called on his shares, at the time or times and place of payment specified by the Company. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
31. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
32. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of the provisions of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
33. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
34. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the Member

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paying such sum and the Directors may agree. Capital paid on shares in advance deans shall not, while carrying interest, confer a right to participate in profits.

### FORFEITURE AND LIEN

35. If a Member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
36. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited.
37. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.
38. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.
39. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.
40. The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid and for all moneys as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this regulation.
41. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of

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which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

42. The residue of the proceeds of such sale pursuant to regulation 41 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.
43. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee, as the case may be) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

### TRANSFER OF SHARES

44. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the securities exchange upon which shares in the Company are listed or in any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, PROVIDED THAT an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
45. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, PROVIDED THAT such Register shall not be closed for more than thirty days in any year, the Company shall give prior notice of such closure as may be required to the securities exchange upon which shares in the Company are listed, stating the period and purpose or purposes for which the closure is made.
46. (A) Subject to the provisions of these presents, there shall be no restriction on the transfer of fully paid up shares (except where required by law, the Statutes or the bye-laws or listing rules of any securities exchange upon which shares in the Company are listed) but the Directors may in their discretion decline to register any transfer of shares upon

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which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (except where such refusal to register contravenes the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed).

- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- (i) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require in accordance with the provisions of these presents, is paid to the Company in respect thereof;
  - (ii) the instrument of transfer is deposited at the registered office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;
  - (iii) the instrument of transfer is in respect of only one class of shares; and
  - (iv) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.
47. If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company (or such period of time as may be prescribed by the bye-laws or listing rules of the securities exchange upon which shares in the Company are listed), send to the transferor and to the transferee, written notice of the refusal stating reasons for the refusal as required by the Statutes.
48. No share shall in any circumstances be issued or transferred to any infant, bankrupt or mentally disordered person but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.
49. All instruments of transfer which are registered may be retained by the Company.
50. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding \$2 as the Directors may from time to time require or prescribe.
51. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six Years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six Years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six Years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been

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made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, PROVIDED THAT:

- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
  - (ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this regulation; and
  - (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.
52. (A) In the case of the death of a Member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (B) In the case of the death of a Member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.
- (C) Nothing in this regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.
53. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.
54. Save as otherwise provided by or in accordance with the provisions of these presents, a person becoming entitled to a share pursuant to regulation 52(A) or 52(B) or regulation 53 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the Member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation

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to meetings of the Company until he shall have been registered as a Member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

### STOCK

55. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.
56. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
57. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

### MODIFICATION OF CLASS RIGHTS

58. Subject (but not limited) to the provisions of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. To any such separate meeting all the provisions of these regulations as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him.
59. Subject to the provisions of the Act, the Company may by special resolution passed at a general meeting convert any one class of shares for the time being forming part of the share capital of the Company into another class of shares and regulation 58 shall apply where such conversion causes all or any of the rights, privileges or conditions for the time being attached or belonging to the first- mentioned class of shares to be modified, affected, varied, extended or surrendered in any manner.

### GENERAL MEETINGS

60. Subject to the Statutes, an Annual General Meeting shall be held once in every Year and in accordance with the requirements of the Act, at such time and place in Singapore as may be determined by the Directors, but so that not more than four months or such other period as may be prescribed by the Act, shall be allowed to

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elapse between the close of each financial year and such Annual General Meeting. All other General Meetings shall be Extraordinary General Meetings.

61. The Directors may call an extraordinary general meeting at such time and place in Singapore as may be determined by the Directors whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting, or in default may be convened by such requisitionists, as provided by the Act.

### NOTICE OF GENERAL MEETINGS

62. (A) Subject to the Statutes, any General Meeting at which it is proposed to pass a Special Resolution shall be called by twenty-one days' notice in writing at the least. An Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all Members other than those who are not under the provisions of these presents entitled to receive such notices from the Company, PROVIDED THAT a General Meeting which has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:
- (i) in the case of an Annual General Meeting, by all the Members entitled to attend and vote thereat; and
  - (ii) in the case of an Extraordinary General Meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at that meeting, except that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.
- (B) Where special notice is required of a resolution pursuant to the Statutes, notice of the intention to move the resolution shall be given to the Company and notice of any General Meeting shall be called in accordance with the Statutes and in particular, Section 185 of the Act.
- (C) Subject to the Statutes or the bye-laws or listing rules of the securities exchange on which shares in the Company are listed, for so long as the shares in the Company are listed on the Securities Exchange, notices convening any General Meeting at which it is proposed to pass a Special Resolution shall be provided to the Securities Exchange and sent to Members entitled to attend and vote at the meeting at least fifteen Market Days before the meeting. Notices convening any other General Meeting must be provided to the Securities Exchange and sent to Members entitled to attend and vote at the meeting at least ten Market Days before the meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any securities exchange on which shares in the Company are listed.
63. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.

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

Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:

- (i) declaring dividends;
  - (ii) receiving and adopting the financial statements, the statement of the Directors and the report of the Auditors and other documents required to be attached or annexed to the financial statements;
  - (iii) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
  - (iv) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
  - (v) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
  - (vi) fixing the fees of the Directors proposed to be passed under regulation 91.
65. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

### PROCEEDINGS AT GENERAL MEETINGS

66. The Chairman of the Board, failing whom the Deputy Chairman of the Board, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present and willing to act within five minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the meeting.
67. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more Members present in person or by proxy, PROVIDED THAT where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.
68. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time

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and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more Members present in person or by proxy shall be a quorum.

69. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
70. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
71. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
72. At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless the listing rules of the Securities Exchange requires otherwise or a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (i) the chairman of the meeting;
  - (ii) not less than two Members present in person or by proxy and having the right to vote at the meeting;
  - (iii) a Member or Members present in person or by proxy having the right to vote at the meeting representing not less than five per cent. of the total voting rights of all the Members having the right to vote at the meeting; or
  - (iv) a Member or Member present in person having the right to vote at the meeting and holding not less than five per cent. of the total sum paid-up on all shares of the Company conferring that right (excluding treasury shares), PROVIDED THAT no poll shall be demanded on the choice of a chairman or on a question of adjournment.
73. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint

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scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

74. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
75. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

### VOTES OF MEMBERS

76. Each Member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to regulation 17, each Member entitled to vote may vote in person or by proxy. On a show of hands, every Member who is present in person or by proxy shall have one vote PROVIDED THAT in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion, shall be entitled to vote. On a poll, every Member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.
77. In the case of joint holders of a share, any one of such person may vote, and be reckoned in quorum at any General Meeting, either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto, but if more than one of such joint holders is so present at any meeting, then the person present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall alone be entitled to vote in respect thereof.
78. Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
79. Any Member shall be entitled to be present and to vote either personally or by proxy, at any General Meeting of the Company, in respect of any share or shares upon which all calls due to the Company have been paid, and shall be entitled to exercise any other right conferred by membership in relation to meetings of the Company.

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80. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
81. On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
82. (A) A Member may appoint not more than two proxies to attend and vote at the same General Meeting provided that no limit shall be imposed on the number of proxies for Relevant Intermediaries. Each proxy appointed by a Relevant Intermediary must be appointed to exercise the rights attached to a different share or shares held by such Relevant Intermediary (which number and class of shares shall be specified). Shareholders holding shares through Relevant Intermediaries may attend any general meeting as proxies.
- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (D) A proxy need not be a Member of the Company.
83. An instrument appointing a proxy or a representative shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (i) in the case of an individual, shall be signed by the appointor or his attorney; and
- (ii) in the case of a corporation, shall be either under its common seal or signed by an attorney or a duly authorised officer on behalf of the corporation or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate.
84. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the registered office of the Company) not less than seventy-two hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, PROVIDED THAT an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates. The deposit of an instrument appointing a proxy does not preclude a Member concerned from attending and voting in person at the meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the

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appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the meeting.

85. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.
86. In the event that forms of proxy are sent to Members together with any notice of meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by any person entitled to receive a notice of meeting shall not invalidate any resolution passed or any proceeding at any such meeting.
87. A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made PROVIDED THAT no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the registered office of the Company at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
- 87A. Subject to these presents and the Statutes, the Board may, at its sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

### CORPORATIONS ACTING BY REPRESENTATIVES

88. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of the provisions of these presents, be deemed to be present in person at any such meeting if a person so authorised is present thereat.

### RESERVES

132. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested, The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

### DIVIDENDS

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133. The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. No dividends may be paid, unless otherwise provided in the Statutes, to the Company in respect of treasury shares.
134. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
135. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide and except as otherwise permitted under the Statutes:
- (i) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
  - (ii) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which dividend is paid.
- For the purposes of this regulation, no amount paid on a share in advance of calls shall be treated as paid on the share.
136. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
137. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
138. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.
- (C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or moneys unclaimed after a period of six Years from the date they are first payable may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture.

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- (D) A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability in respect of that payment. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six Years has elapsed from the date on which such other moneys are first payable.
139. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
140. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.
141. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Directors;
  - (ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this regulation;
  - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
  - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect

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whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of regulation 145, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

- (B) (i) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this regulation shall rank *pai passe* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
  - (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this regulation, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these presents, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down or whereby the benefit of the fractional entitlements accrues to the Company rather than the Members).
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this regulation, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this regulation shall be read and construed subject to such determination.
  - (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this regulation, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
  - (E) Notwithstanding the foregoing provisions of this regulation, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this regulation in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether

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arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this regulation.

142. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this regulation and the provisions of regulation 144, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
143. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
144. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

### CAPITALISATION OF PROFITS AND RESERVES

145. Subject to regulations 4 to 7 and regulation 11, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which

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would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter into an agreement with the Company on behalf of all the Members interested, providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

- 145A. In addition and without prejudice to the power to capitalise profits and other moneys provided for by regulation 145, the Directors shall have power to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or noncumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.