

**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED  
ON THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL OF OCAP  
MANAGEMENT PTE. LTD.**

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The board of directors (the “**Board**”) of CPH Ltd. (the “**Company**” or “**CPH**”, and together with its subsidiaries, the “**Group**”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and wishes to provide further information in relation to the Company’s proposed acquisition of 100% of the issued share capital of oCap Management Pte. Ltd. as announced on 22 November 2018 (the “**Announcement**”), as follows:

*All capitalised terms used and not defined herein shall have the same meanings ascribed to them in the announcement dated 22 November 2018.*

**SGX-ST’s Question 1:**

Given that Mdm Choo currently holds shareholding in CPH of approximately 20.1%, and:

- (a) Para 6 states that Mdm Choo has recused herself from any board decisions and/or discussions, and will further abstain from making any recommendations to Shareholders concerning the Proposed Acquisition;
- (b) Mdm Choo’s appointment to the Board is a Condition Precedent to the Proposed Acquisition and her subsequent service agreement provides for her to use her utmost endeavours to facilitate the disposal of the Existing CPH Business;
- (c) In the event that Mdm Choo disposes of or transfers the Existing CPH Business within twelve (12) months from the commencement of her appointment, she shall be entitled to a disposal bonus of S\$500,000; and
- (d) Failing which, provided she had in the initial twelve (12) month period used her utmost endeavours to do so, she will be given another twelve (12) months to source for potential buyers.

Should Mdm Choo be recused from voting on Proposed Acquisition, and allotment and issuance of Consideration Shares at the EGM as she has interests in the approval of the Proposed Acquisition, arising from her subsequent service agreement?

**Company’s Response:**

Mdm Choo has, per the requirements of the Singapore Companies Act, fully disclosed her interest in the Proposed Acquisition to the current Board. The same disclosure has been made in the Announcement. Pursuant to the Constitution of the Company and in view of her fiduciary duty as a director to act in the interests of the Company, Mdm Choo has recused herself from any board decisions and/or discussions, and will further abstain from making any recommendations to Shareholders concerning the Proposed Acquisition so as not to influence any board decisions or decisions of Shareholders.

Notwithstanding the foregoing, Mdm Choo is not precluded by the Companies Act or the Catalist Rules from voting on the Proposed Acquisition at the extraordinary general meeting in her capacity as a shareholder because the Proposed Acquisition is not deemed to be an interested person transaction. However, Mdm Choo will abstain from voting on the Proposed Payment Resolution (as defined below) which concerns her remuneration in the case of an early termination, pursuant to the service agreement to be entered into as a result of the Proposed Acquisition.

**SGX-ST's Question 2:**

Para 2.5.11(e) states that "In the event that the Company terminates Mdm Choo's appointment at any time prior to the expiration of the twenty-four (24) month period from the Date of Completion, Mdm Choo shall be entitled to, all accrued but unpaid base salary, and the total sum (including any bonuses) accruable for the remainder term of her appointment (the "Proposed Payment"), provided that the particulars of the Proposed Payment, including the amount thereof, have been disclosed and approved by the Shareholders at the EGM."

What is the rationale for such an arrangement?

**Company's Response:**

As the existing business of CPH will remain within the Enlarged Group upon Completion, the Target Company has requested that Mdm Choo remain in the Company as a Director for 24 months to facilitate (i) the running of the existing business of CPH before it is disposed, and (ii) the disposal process of the existing business of CPH, as the Target Company is not familiar with the existing business of CPH.

In her commitment to remain with CPH for 24 months from the date of Completion, Mdm Choo will be giving up on her pursuit of other business opportunities and interests. Accordingly, this arrangement is a commercial agreement to compensate Mdm Choo for her prior commitment to remain with CPH for 24 months should her appointment be prematurely terminated. Per the provisions of the Singapore Companies Act, this arrangement will be disclosed and to be approved by the shareholders at the extraordinary general meeting in connection with the Proposed Acquisition.

For the avoidance of doubt, the shareholders' approval for the Proposed Payment ("**Proposed Payment Resolution**") shall be conditional upon the shareholders' approval for the Proposed Acquisition. However, the shareholders' approval for the Proposed Acquisition shall not be conditional upon the shareholders' approval for the Proposed Payment.

**SGX-ST's Question 3:**

Relating to the circular to be issued, given that plans to dispose of and/or transfer the Existing CPH Business and the divestment of the Company's existing subsidiaries and businesses will take place following the Completion of the Proposed Acquisition, would the Company be including the effects of the disposal and/or transfer of the Existing CPH Business in the circular, and provide for this as a single resolution (as the one on the Proposed Acquisition) for the shareholders to vote on?

**Company's Response:**

Even though there are plans to dispose of and/or transfer the Existing CPH Business, the divestment of the Company's existing subsidiaries and businesses will most likely only take place within 24 months following the Completion as the Company has not identified any potential buyers for the Existing CPH Business. While the Company has commenced discussions with several interested buyers, no definitive agreements have been entered into.

Unless the Company enters into a definitive agreement in respect of the Existing CPH Business prior to the despatch of the Circular, the Company will not be including the effects of the disposal and/or transfer of the Existing CPH Business in the Circular, and provide for the proposed disposal as a single resolution for shareholders to vote on.

Following Completion, the disposal of and/or transfer of the Existing CPH Business will be subject to the requirements of the Catalist Rules at that point in time.

**SGX-ST's Question 4:**

Relating to the circular to be issued, Para 2.3 on historical financial information of the Target Company states that the summary of the audited financial statements of the Target Company for the financial years ended 31 Dec 2016 and 31 Dec 2017 as presented includes the financial performance of the General Wholesale Trade and may not be fully representative of the Target Business' future

performance. Will the Target Company be providing the breakdown of the financial performance of solely the Target Business for the financial years ended 31 Dec 2016 and 31 Dec 2017 in the circular?

**Company's Response:**

The audited financial statements of the Target Company for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 will be disclosed in the Circular and the discontinued operations of the Target Company will be classified as such and the financial performance of the Target Business will be disclosed accordingly.

**SGX-ST's Question 5:**

Relating to the circular to be issued, similarly, in para 5 on the historical proforma financial information of the Enlarged Group, it was stated that a summary of the unaudited combined pro-forma financial information of the enlarged Group for the latest financial year ended 31 Mar 2018 has been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 Mar 2018 and the audited financial statements of the Target Company for the financial year ended 31 Dec 2017, **without any adjustment to align the financial year end of the Company with that of the Target Company**. Will the alignment of the financial results be done in the circular to present the proper proforma financial information of the Enlarged Group for the period 1 Apr 2017 to 31 Mar 2018?

**Company's Response:**

As the Company intends to change its financial year end to 31 December following the Completion, the financial results of the Company will be aligned to that of the Target Company in the preparation of the Enlarged Group financial information in the Circular. The financial information of the Enlarged Group will be prepared based on the financial results of the Target Company for the financial year ended 31 December 2018 and the financial results of the Group for the 12 months period from 1 January 2018 to 31 December 2018.

**BY ORDER OF THE BOARD**

Ong Kian Soon  
Company Secretary

7 December 2018

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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