CIRCULAR DATED 23 NOVEMBER 2020

THIS CIRCULAR IS IMPORTANT AND 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 ADVISER IMMEDIATELY.

If you have sold or transferred all your shares in the capital of NauticAWT Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the Company represented by physical share certificate(s), you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. This Circular has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness, or correctness of any of the statements or opinions made, or reports contained in this Circular.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

NAUTICAWT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201108075C)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF NAUTEC GROUP PTE. LTD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

Independent Financial Adviser to the Non-Interested Directors

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200310232R)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	6 December 2020 at 12:00 p.m.
Last date and time to pre-register online to attend the Extraordinary General Meeting by electronic means	:	5 December 2020 at 12:00 p.m.
Date and time of Extraordinary General Meeting	:	8 December 2020 at 12:00 p.m.
Place of Extraordinary General Meeting	:	To be held by way of electronic means

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PROXY FORM

DEFINITIONS

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

"**Act**" or "**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"**associate**"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"**Audit Committee**"	:	The audit committee of the Company from time to time
"**Board**"	:	The board of Directors of the Company as at the date of this Circular or from time to time, as the case may be
"**Catalist**"	:	The Catalist Board of the SGX-ST
"**Catalist Rules**"	:	SGX-ST Listing Manual Section B: Rules of Catalist, as the same may be amended, varied or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This Circular to Shareholders dated 23 November 2020
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Company**"	:	NauticAWT Limited
"**Completion**"	:	Has the meaning ascribed to the term in Section 6.2 of this Circular
"**Completion Date**"	:	Has the meaning ascribed to the term in Section 6.4 of this Circular
"**Conditions Precedent**"	:	Has the meaning ascribed to the term in Section 6.2 of this Circular
"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15.0% or more of the voting Shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"**Director**"	:	A director of the Company as at the date of this Circular or from time to time, as the case may be

DEFINITIONS

"**EGM**"	:	The extraordinary general meeting of the Company to be held by way of electronic means on 8 December 2020 at 12:00 p.m., notice of which is set out on pages N-1 to N-3 of this Circular (or any adjournment thereof)
"**Encumbrance**"	:	Any mortgage, charge, pledge, lien, restriction, assignment, hypothecation, security interest, title retention or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal, right of first offer or right of pre-emption), or any agreement or arrangement to create any of the same
"**EPS**"	:	Earnings per Share
"**FY**"	:	Financial year ended or ending 31 December, as the case may be
"**Governmental Body**"	:	Means any (a) nation, federation, state, country, city, town, village, district, or other jurisdiction of any nature; (b) nation, federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority or any nature (including any governmental agency, branch, department, official or entity and any court, arbitrator or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature
"**Group**"	:	The Company and its subsidiaries
"**IFA**" or "**Independent Financial Adviser**"	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser to the Non-Interested Directors of the Company
"**IFA Letter**"	:	The letter dated 23 November 2020 from the IFA to the Non-Interested Directors, a copy of which is enclosed as Appendix B to this Circular
"**Independent Director**"	:	An independent director of the Company
"**Latest Practicable Date**"	:	10 November 2020, being the latest practicable date prior to the issuance of this Circular
"**Long Stop Date**"	:	Has the meaning ascribed to the term in Section 6.3 of this Circular
"**NGPL**"	:	Has the meaning ascribed to the term in Section 2 of this Circular
"**Non-Interested Directors**"	:	The Directors of the Company who are independent for the purposes of the Proposed Disposal, namely Dr Chirasak Chiyachantana, Dr Kunchit Singsuwan, Dr Aphichat Sramoon and Mr Kenny Lim Yeow Hua
"**Notice of EGM**"	:	The notice of EGM accompanying this Circular
"**NTA**"	:	Net tangible assets
"**Permit**"	:	Includes any license, permit, order, approval of or any required registration with any Governmental Body
"**Proposed Disposal**"	:	Has the meaning ascribed to the term in Section 2 of this Circular
"**Proxy Form**"	:	The proxy form accompanying this Circular

"**Purchase Consideration**"	:	Has the meaning ascribed to the term in Section 6.1 of this Circular
"**Purchaser**"	:	Has the meaning ascribed to the term in Section 2 of this Circular
"**Required Consents**"	:	Includes any consent, approval, waiver, Permits or action or the filing or giving of notice to, any Governmental Body or any other person in connection with the Proposed Disposal. For the avoidance of any doubt, "Required Consents" shall include, but not limited to, the consents and approvals described at Section 6.2 of this Circular
"**Sale Group**"	:	NGPL and the Subsidiaries
"**Sale Shares**"	:	Has the meaning ascribed to the term in Section 2 of this Circular
"**Securities and Futures Act**"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholder**" or "**Shareholders**"	:	The registered holders of the Shares (other than the CDP) and in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**SPA**"	:	Has the meaning ascribed to the term in Section 2 of this Circular
"**Sponsor**"	:	UOB Kay Hian Private Limited
"**Subsidiaries**"	:	Has the meaning ascribed to the term in Section 3.2 of this Circular
"**Substantial Shareholder**"	:	A person who has an interest of not less than 5.0% of the total issued voting Shares of the Company
"**S$**"	:	Singapore dollar
"**US$**"	:	United States dollar
"**Valuer**"	:	Has the meaning ascribed to it in Section 5.1 of this Circular
"**Valuation Report**"	:	Has the meaning ascribed to it in Section 5.1 of this Circular
"**Vendor's Liabilities**"	:	The sum of US$205,934.00 owing by the Company to the Sale Group as at 30 September 2020
"**%**"	:	Per centum or percentage
"**1H2020**"	:	The financial period ended 30 June 2020

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively by Section 81SF of the Securities and Futures Act.

The terms "acting in concert" or "concert parties" shall have the meaning ascribed to them, respectively, in the Code.

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

Any word defined under the Act, the Catalist Rules or any statutory modification thereof and used in this

DEFINITIONS

Circular shall, where applicable, have the meaning assigned to it under the Act, the Catalist Rules or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws and regulations (including the Catalist Rules) are as the Latest Practicable Date.

Any reference to a time of a day in the Circular is a reference to Singapore time unless otherwise stated.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "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 the Company does not undertake any obligation to update or revise any forward-looking statements for any reason, even if information becomes available or other events occur in the future, 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.

NAUTICAWT LIMITED

(Company Registration No.: 201108075C)
(Incorporated in the Republic of Singapore)

Board of Directors
Dr Chirasak Chiyachantana (Non-Independent Non-Executive Chairman)
Mr John Grønbech (Executive Director and CEO)
Mr Kenny Lim Yeow Hua (Lead Independent Director)
Dr Kunchit Singsuwan (Independent Director)
Dr Aphichat Sramoon (Independent Director)

Registered Office
12 Tai Seng Link
#05-01A
Singapore 534233

Dear Sir/Madam

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF NAUTEC GROUP PTE. LTD.

1. INTRODUCTION

1.1 EGM

The Directors are convening the EGM to seek Shareholders' approval for the Proposed Disposal.

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to and explaining the rationale for the resolution relating to Proposed Disposal which shall be tabled at the EGM, the notice of which is set out on pages N-1 to N-3 of this Circular. The Circular has been prepared solely for the purpose set out herein and may not be relied on by any persons (other than Shareholders) nor for any other purpose.

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

1.3 Legal adviser

Bird & Bird ATMD LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Disposal.

2. BACKGROUND OF THE PROPOSED DISPOSAL

On 9 October 2020, the Company announced that it had entered into a sale and purchase agreement (the "**SPA**") with John Grønbech (the "**Purchaser**") for the proposed disposal by the Company of the entire issued and paid-up ordinary shares (the "**Sale Shares**") in the capital of Nautec Group Pte. Ltd. ("**NGPL**") for an aggregate consideration of US$214,345.00 (the "**Proposed Disposal**").

The Proposed Disposal constitutes:

(a) a major transaction under Chapter 10 of the Catalist Rules. Further details are set out in Section 7 of this Circular; and

(b) an interested person transaction as defined under Chapter 9 of the Catalist Rules. Further

details are set out in Section 9 of this Circular.

Accordingly, the Proposed Disposal is subject to the approval of Shareholders under Rules 906 and 1014 of the Catalist Rules by way of an ordinary resolution.

3. INFORMATION ON NGPL AND THE PURCHASER, AND FINANCIAL INFORMATION RELATING TO THE PROPOSED DISPOSAL

Information on NGPL

3.1 NGPL is a private company incorporated in Singapore on 26 June 2019 with an issued and paid-up share capital of S$3,650,000 comprising 3,650,000 ordinary shares as at the date of the SPA. Its principal activities is investment holding. The Company is the legal and beneficial owner of the entire issued and paid-up share capital of NGPL.

3.2 NGPL is the holding company of the following subsidiaries (the "**Subsidiaries**"):

	Name of Company	Date and Place of Incorporation	Issued and Paid-Up Capital/Registered Capital	Effective Equity Interest	Principal Activity
1.	Nautec Pte. Ltd.	2 September 2011, Singapore	SGD350,000	100%	Offshore engineering
2.	Nautec Materials Sdn. Bhd.	23 September 2013, Malaysia	MYR 1,000,000	100%	Engineering and manufacturing works
3.	Nautic (B) Sdn. Bhd.	9 March 2013, Brunei	BND 20,000	- (1)	Offshore engineering
4.	Nautic Australia Pty Ltd	3 September 2014, Australia	AUD 10	100%	Offshore engineering
5.	Nautic India Private Limited	26 August 2013, India	INR 100,000	100%(2)	Offshore engineering
6.	Nautic Middle East DMCC	11 November 2012, United Arab Emirates	AED 100,000	100%	Offshore engineering
7.	Nautic Offshore Mexico S.A. de C.V	22 October 2013, Mexico	MXN 50,000	100%(3)	Offshore engineering

Notes:

(1) Nautic (B) Sdn. Bhd. is a locally owned entity but controlled by Nautec Group Pte. Ltd. (2018 - NauticAWT Limited) through a franchising and management agreement. Based on the management agreement, the Company has consolidated Nautic (B) Sdn. Bhd. in accordance with the definition of control under SFRS(I) 10 Consolidated Financial Statements.

(2) The remaining share is held by an employee for the Company.

(3) The remaining share is held by a director, an employee and a nominee for the Company.

3.3 The primary business activities of the Sale Group is the provision of marine and offshore engineering services, which includes the development and production of Ultra High Performance Concrete and Composites (UHPC) for the installation and retrofitting of onshore, offshore and marine structures. This includes marine and offshore structural engineering services. The corporate structure of the Group before and immediately after the completion of the Proposed Disposal is set out in Appendix A to this Circular. Upon completion of the Proposed Disposal, the Group will not have any revenue

generating subsidiaries.

Information on the Purchaser

3.4 The Purchaser is an Executive Director and the Chief Executive Officer of the Company. The date of his initial appointment to the Board is 2 September 2011, and he was last re-elected to the Board on 29 June 2020. The Purchaser has abstained and will abstain from making any recommendations or voting as a Director on any resolutions of the Board in connection with the Proposed Disposal.

Financial Information

3.5 Based on the unaudited pro forma management consolidated financial statements prepared by NGPL, the relevant financial information of the Sale Group and NGPL respectively for FY2019 is as follows:

	FY2019	
	Sale Group (US$)	**NGPL (US$)**
Revenue	6,168,542	114,407
Net Profit/ (Loss)	(313,524)	(4,606,924)
Net Tangible Assets/ (Liabilities)	(1,398,744)	(3,020,911)
Net Assets/ (Liabilities)	(274,412)	(1,945,216)

The Sale Group contributed 100% of the Group's revenue for FY2019.

3.6 Based on the unaudited pro forma management consolidated financial statements prepared by NGPL, the relevant financial information of the Sale Group and NGPL respectively for 1H2020 is as follows:

	1H2020	
	Sale Group (US$)	**NGPL (US$)**
Revenue	2,779,565	18,430
Net Profit/ (Loss)	250,782	(482,783)
Net Tangible Assets/ (Liabilities)	(1,201,755)	(3,601,030)
Net Assets/ (Liabilities)	19,913	(2,427,999)

The Sale Group contributed 100% of the Group's revenue for 1H2020.

3.7 The Proposed Disposal will result in a gain of US$194,432 over book value of the Sale Group of US$19,913 as at 30 June 2020 taking into account the Purchase Consideration of US$214,345.00.

3.8 Taking into account the repayment of a sum of the Vendor's Liabilities of US$205,934.00 and the professional fees of approximately S$114,000 incurred, there will be no net proceeds arising from the Proposed Disposal.

4. RATIONALE FOR THE PROPOSED DISPOSAL

General rationale for the Proposed Disposal

4.1 The Company is of the view that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future, due to moderating oil prices and flattening demand for oil in the long term. As such, the Company plans to rationalise and divest its non-performing businesses in this industry. The Sale Group has been loss making for the

past three (3) years, save for the net profit recorded for 1H2020 as stated in section 3.6 above, which was primarily due to further massive cost cutting measures relating to staff costs and the government subsidies and financial assistance received during this period. The Company has not declared or paid any dividend since its initial public offering in 2015 due to its financial performance and position. Besides the aforesaid pessimistic outlook, the Company has also considered the Sale Group's net current liability position and the short term and long term capital expenditure required to sustain the business.

4.2 The Proposed Disposal will allow the Group to exit from the marine and offshore engineering industry and focus its resources on exploring other opportunities including the food & beverage business, in line with the diversification of the Group's business approved by shareholders on 19 November 2019.

4.3 In addition, the Company believes that the Proposed Disposal would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure of the future losses. The revenue of the Sale Group (specifically the Group's existing core business) has remained stagnant and has not improved despite the Company's hopeful outlook as stated in the Company's financial results for the half year ended 30 June 2019 and the annual report for FY2019 announced on 14 August 2019 and 15 April 2020 respectively. Given the past historical losses, decrease in revenue since 2017, recent revenue performance in 1H2020 and the renewed industry and business outlook, the Board is of the view that the Proposed Disposal would allow the Company to focus its resources on exploring other opportunities.

Background for the disposal to the Purchaser

4.4 Around March 2020, the Company had approached business associates to explore the possibility and potential terms of selling the Sale Shares to such parties (including the Purchaser). However, there was a lack of interest and no meaningful discussions were able to take place with such parties save for the Purchaser, due to inter alia the Sale Group's historical losses, net current liability position, short term and long term capital expenditure requirements, and the general pessimistic outlook of the industry in which the Sale Group operates. The only offer made for the Sale Group for cash is from the Purchaser.

4.5 During the debt restructuring of our Group, as announced in the Company's announcements on 10 July 2019 and 24 September 2019 and approved by our shareholders in a general meeting on 19 November 2019, in order to assist the Company to fulfill the conditions precedent for the completion of the subscription (which included taking steps to reduce the liabilities of the Company to not more than S$500,000) as announced in the Company's announcement on 10 July 2019 and approved by our shareholders in a general meeting on 19 November 2019, creditors have agreed, inter alia, to novate monies due and outstanding from the Company to NGPL. The creditors have also agreed to deferred instalment payments. Such creditors included our employees and former directors. As such, the continual viability of the Sale Group would also be in the interest of the creditors and employees of the Group who had consented to the debt structuring as a pre-condition to the injection of fresh capital into the Company from the subscription. The Company believes that the Purchaser is a suitable candidate to assume ownership of the Sale Group as he is familiar with its businesses and operations, and the industry in which it operates. Dr. Chirasak Chiyachantana, being the Controlling Shareholder, has shown his full support for the Proposed Disposal and believes that the Purchaser, given his in-depth knowledge of the industry and business, is the best person to bring the Sale Group forward, and is in the best interest of the Group’s stakeholders.

4.6 For the same reason, the Company also believes that a disposal of the Sale Group should be undertaken in its entirety as compared to a sale of individual entities as these entities operate as a combined synergistic business and economic unit.

Future Plans of the Group

4.7 The Company will also continue to explore other new business areas (including food & beverage) leveraging on the experience and network of the Chairman and the Board.

4.8 After the completion of the abovementioned subscription agreement in December 2019, the major and controlling shareholder, Dr. Chirasak Chiyachantana, has indicated his intention for the Group to further diversify and change its core business to the education industry. In this regard, following further discussions, the Board agreed to explore an acquisition of an education business in Thailand which may potentially be classified as a very substantial acquisition pursuant to Chapter 10 of the Catalist Rules.

4.9 To this end, a pre-clearance application in respect of the potential acquisition was submitted to SGX in March 2020. The Company will make the necessary announcements in compliance with the Catalist Rules as and when there are material developments in relation to such potential acquisition.

4.10 **In the event that the aforesaid potential acquisition does not materialise prior to the completion of the Proposed Disposal, the Group's remaining assets will substantially consist of the investment in Rich Restaurant Co Ltd. During this time, the Company may be considered a cash company pursuant to Rule 1017 of the Catalist Rules, pending further consultation with the SGX-ST via its Sponsor.**

5. VALUATION

5.1 For the purposes of the Proposed Disposal, the Company commissioned Cushman & Wakefield VHS Pte Ltd (the "**Valuer**") as an independent valuer to assess and determine the market value of the 100% equity interest in the capital of the Sale Group. Based on the valuation report dated 23 November 2020 (the "**Valuation Report**") issued by the Valuer, the market value of the 100% equity interest in the capital of the Sale Group as at 30 June 2020, subject to the assumptions stated therein, is in the region of US$0.26 million to US$0.73 million. The valuation is based primarily on the income approach with reference made to the market approach. The Valuer has also taken into consideration the prevailing market conditions as at the valuation date, being 30 June 2020.

5.2 Please refer to the summary of the Valuation Report as attached to Appendix C to this Circular for further details on the valuation of the Sale Group.

6. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

The terms of the Proposed Disposal are set out in the SPA. A summary of the principal terms of the Proposed Disposal is set out in this section.

6.1 Consideration

The purchase consideration for the Sale Shares is US$214,345.00 (the "**Purchase Consideration**"). The Purchase Consideration was determined by the Purchaser and the Company based on a willing-buyer, willing-seller basis taking into consideration, *inter alia*, the market value of the Sale Shares based on the valuation and the various factors set out in sections 4.1 to 4.6 above.

Notwithstanding that the Purchase Consideration is lower than the lower-band of the valuation, the Board had agreed to the Purchase Consideration due to the following factors:

(a) the Board has considered other potential risks such as the current global condition due to Covid-19, the challenging market conditions and fluctuation of oil prices, loss of manpower,

and additional funding requirements, including but not limited to additional capital expenditure, which may affect the performance of Sale Group;

(b) there is no assurance that the Sale Group will be able to achieve the valuation especially in a highly volatile oil and gas market with the historical losses and downward revenue trend. Additionally, the Sale Group has a net current liability of approximately USD2.2 million and net asset value of USD19,913 as of 1H2020, as well as limited available cash due to the restrictions placed on cash pledged as security towards the loan extended by the bank; and

(c) any adverse changes to any of the above factors or risks will adversely impact the performance of the Sale Group, thus resulting in new additional funding required to support and sustain the business.

6.2 Conditions Precedent under the SPA

The obligation of the Company and the Purchaser to complete the Proposed Disposal ("**Completion**") is subject to the fulfillment on or prior to the Completion Date of the following conditions, which may be waived by the Purchaser ("**Conditions Precedent**"):

(a) Consents and Approvals. All Required Consents shall have been obtained without restrictions or limitations whatsoever unacceptable to the Purchaser, and be in full force and effect, and the Purchaser shall have been furnished with evidence reasonably satisfactory to it of the granting of such Required Consents, in particular, and without limitation:

(i) the approval of the Company's shareholders at a general meeting and its board of directors; and

(ii) the approval of the regulatory authorities (including the SGX-ST, where applicable),

in respect of the Proposed Disposal as contemplated under the SPA.

(b) Settlement of Vendor's Liabilities. The Vendor's Liabilities shall have been fully repaid and settled, such that there are no further outstanding liabilities between the Company and the Sale Group. The Company shall be fully discharged of any and all of its liabilities to the Sale Group following Completion and accordingly the Company and Purchaser agree and undertake to take all action and execute all documents to give effect to such discharge (if necessary).

6.3 Long Stop Date

The Long Stop Date of the SPA is 15 December 2020.

Pursuant to the terms of the SPA, the Company and the Purchaser shall use their respective best endeavours to procure the fulfilment of the Conditions Precedent on or before the Long Stop Date and in particular shall furnish such information, supply such documents, pay such reasonable fees and do such acts and things as may be required to enable such Condition Precedent to be fulfilled, including all obligations contemplated pursuant and/or in connection with the same, including without limitation in connection with the Proposed Disposal.

Further, the Company has undertaken in the SPA that it shall as soon as practicable after the date of the SPA, convene the EGM to seek the approval of the Company's shareholders for the Proposed Disposal.

6.4 Completion

Completion shall take place on the date falling three (3) business days after the satisfaction of the Conditions Precedent or such date as the Purchaser and the Company may agree in writing ("**Completion Date**"), at such place and time as the Company and the Purchaser may agree.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

7.1 The relative figures in relation to the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules, based on the Group's unaudited financial statements for 1H2020, being the latest announced financial statements of the Group, are as follows:

Rule	**Bases**	**Relative Figure**
Rule 1006(a)	Net asset value of assets to be disposed, compared with the Group's net asset value	0.95[(1)]%
Rule 1006(b)	Net profits[(2)] attributable to the assets acquired or disposed of, compared with the Group's net losses	(150.29)[(3)]%
Rule 1006(c)	Aggregate value of consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	2.16[(4)]%
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable. The Proposed Disposal does not involve an acquisition.
Rule 1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable. The Proposed Disposal does not involve a disposal of mineral, oil or gas assets.

Notes:

(1) The assets of the Sale Group is in net assets position of US$0.02 million as at 30 June 2020, compared with the Group's net asset value US$2.1 million as at 30 June 2020.

(2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(3) Based on net profits attributable to the assets of the Sale Group of US$0.3 million for 1H2020, compared with the Group's net losses of US$0.2 million for 1H2020.

(4) Based on the Purchase Consideration of US$214,345.00 and the Company's market capitalisation of approximately S$13.5 million (based on the Company's existing issued share capital of 794,186,046 Shares (excluding treasury shares) and the volume weighted average price of S$0.017 per Share on 16 September 2020, being the last full market day on which trades were recorded on Catalist of the SGX-ST immediately preceding the date on which the SPA was entered into.

7.2 As the tests based on profits under Rule 1006(b) involve a negative figure, pursuant to paragraph 4 of

Practice Note 10A of the Catalist Rules (the "**Practice Note**"), the tests based on profits under Rule 1006(b) may not give a meaningful indication of the significance of the transaction to the Company. Notwithstanding the foregoing, pursuant to paragraph 4.6 of the Practice Note, as the Proposed Disposal does not fall within all the situations in paragraphs 4.3 and 4.4 of the Practice Note, Rule 1014 shall apply to the transaction and the Proposed Disposal shall constitute a "major transaction" under the Catalist Rules. Accordingly, the Proposed Disposal is subject to the approval of the Company's shareholders at the EGM.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

8.1 The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after Completion. The financial effects of the Proposed Disposal set out below have been prepared based on the following:

(i) the Group's audited consolidated financial statements for FY2019, being the most recently completed financial year; and

(ii) the unaudited pro forma management consolidated financial statements prepared by NGPL of the Sale Group for FY2019.

8.2 NTA

The effects of the Proposed Disposal on the audited consolidated NTA per share of the Group as at 31 December 2019, assuming that the Proposed Disposal had been effected on 31 December 2019, are summarised below:

	Before the Proposed Disposal	**After the Proposed Disposal**
Consolidated NTA (US$'000)	1,088	2,976
Number of Shares	794,186,046	794,186,046
Consolidated NTA per Share (cents)	0.14	0.37

8.3 EPS

The effects of the Proposed Disposal on the audited consolidated EPS of the Group for FY2019, assuming that the Proposed Disposal had been effected at the beginning of the financial year on 1 January 2019, are summarised below:

	Before the Proposed Disposal	**After the Proposed Disposal**
(Loss)/Profit attributable to equity holders of the Company (US$'000)	(214)	589
Weighted average number of Shares	242,621,738	242,621,738
Consolidated EPS (cents)	(0.09)	0.24

8.4 Gearing

The effects of the Proposed Disposal on the gearing of the Group as at 31 December 2019, assuming

that the Proposed Disposal had been effected on 31 December 2019, are summarised below:

	Before the Proposed Disposal	After the Proposed Disposal
Total borrowings of the Group (US$'000)	3,600	0
Total equity of the Group (US$'000)	2,212	2,976
Gearing (%)	163	0

8.5 Share Capital

The Proposed Disposal will not have any effect on the share capital and shareholding structure of the Company as the Proposed Disposal does not involve the allotment and issuance of any new shares in the Company and the Purchase Consideration is wholly satisfied in cash.

9. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

9.1 At the date of the SPA and the Latest Practicable Date, the Purchaser is an Executive Director and the Chief Executive Officer of the Company. As at the Latest Practicable Date, the Purchaser has a direct interest in the Company of 30,057,162 Shares, representing approximately 3.78% of the issued and paid-up capital of the Company. As such, the Purchaser is an "interested person" pursuant to Rule 904(a) of the Catalist Rules, and the Proposed Disposal constitutes an "interested person transaction" for the purposes of Chapter 9 of the Catalist Rules.

9.2 Based on the latest audited consolidated financial statements of the Group for FY2019, the audited consolidated NTA of the Group was approximately US$1,088,111 and the net assets value of the Group was approximately US$2,212,443 (including intangible assets of US$1,124,332). Pursuant to Rule 909(4) of the Catalist Rules, the market value of the 100% equity interest in the capital of the Sale Group as at 30 June 2020 is in the region of US$0.26 million to US$0.73 million based on the valuation conducted by the Valuer, which is approximately 23.89% to 67.09% of the latest audited consolidated NTA of the Group. As such, the Proposed Disposal is an interested person transaction which is subject to the approval of the Company's shareholders at the EGM, pursuant to Rule 906(1)(a) of the Catalist Rules.

9.3 Save as disclosed above, as at the Latest Practicable Date, the Group has not entered into any transactions with the Purchaser or any other interested persons for the current financial year ending 31 December 2020.

9.4 Pursuant to Rule 919 of the Catalist Rules, the Purchaser and his associates will abstain from voting on the resolution approving the Proposed Disposal, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM.

10. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER ON THE PROPOSED DISPOSAL

10.1 Asian Corporate Advisors Pte. Ltd. has been appointed as the Independent Financial Adviser to the Non-Interested Directors to opine on whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

10.2 Taking into consideration the factors set out in the IFA Letter, and subject to the assumptions and qualifications contained therein, the IFA arrived at its opinion, an extract of which is as reproduced below:

"In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to, inter-alia, our terms of reference and earlier analysis, as well as the limitations of the valuation of the Sale Group which is premised, inter-alia, on the Sale Group's ability to continue as a going concern, with ability to raise financing or refinancing for inter-alia its working capital and capital expenditure requirements to meet the forecasted revenues. There is no certainty that the assumptions for the valuation can be achieved given the challenges faced by the Sale Group as described in the Letter. Further, the valuation of the Sale Group is extremely sensitive to inter-alia growth and discount rates. In addition, we had also considered the confirmations from the Directors that, inter-alia, there is no alternative offer, and that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities, and that the Proposed Disposal would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure to future losses. Accordingly, we are of the opinion that, on balance, the Proposed Disposal as an IPT is ***ON NORMAL COMMERCIAL TERMS, AND NOT PREJUDICIAL*** *to the interest of the Company and its Minority Shareholders.*

For the purposes of evaluation of the Proposed Disposal as an IPT, we have adopted the approach that the term "normal commercial terms" and "not prejudicial" comprises two distinct concepts:

(i) Whether the Proposed Disposal as an IPT is "normal commercial terms" relates to an opinion on the value of the Purchase Consideration. "Normal commercial terms" are terms which a party could obtain if the transaction were on an arm's length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This may not have considered the particular circumstances facing the Company and/or the Group and/or the Sale Group. This is based strictly on a fundamental analysis and evaluation of the Purchase Consideration as set out in this Letter and based on information known to us and/or which is publicly available).

(ii) Whether the Proposed Disposal as an IPT is "not prejudicial", after taking into consideration the actual and potential financial impact of other circumstances surrounding the Proposed Disposal, which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the Proposed Disposal as an IPT to be, on balance, ***ON NORMAL COMMERCIAL TERMS****, after factoring, inter-alia, the following:-*

(i) The Purchase Consideration represents a significant premium of approximately 976.4% over the Sale Group's NAV as at 30 June 2020 and is favourable taking into account the Sale Group's pro-forma unaudited NTL as at 30 June 2020.

(ii) Favourable of fair comparison against the Selected Comparable Companies – the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and based on the Group's NAV) of approximately 10.8 times is more favourable than the P/NAV ratios for any of the Selected Comparable Companies. In addition, the valuation of the Sale Group in terms of P/NAV as implied by the Purchase Consideration and the Market Value as ascribed by the Valuer is fairly comparable to the Selected Comparable Companies.

(iii) Favourable comparison against the Selected IPT Disposal – the valuation of the Sale Group in terms of P/NAV of approximately 10.8 times (as implied by the Purchase Consideration and based on the Sale Group's NAV) is more favourable than any of the Selected IPT Disposal. .

(iv) The Purchase Consideration is at a discount of approximately 17.6% and 70.6% from the Lower Band of Market Value and the Upper Band of Market Value, respectively. The discount implied by the Purchase Consideration from the Market Value ascribed by the Valuer should be viewed

in the context of, inter-alia, the Company's view that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future, the historically weak financial performance and position of the Sale Group (albeit a turnaround in HY2020 in terms of profitability resulting in a slightly positive shareholders' equity), and in particular the low NAV of the Sale Group as a result of accumulated losses, the lack of offers made for the Sale Group despite significant efforts made by the Company and the fact that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities. Further the values as ascribed by the Valuer are premised on certain factors for which there is no assurances which include, inter-alia, assumptions on ability to: continue as a going concern; satisfy the Sale Group's requirements for financing or refinancing, "normalise" and improve revenues and time taken for normalisation of revenue growth and margins as well as the amounts for such revenues and margins. As stated in the summary of the Valuation Report, the Market Value is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. It may not have considered the particular circumstances facing the Company and/or the Group and/or the Sale Group inter-alia on ability to continue on a going concern basis and ability to ensure sufficient liquidity to achieve the financial forecasts and projections.

We consider the Proposed Disposal as an IPT to be, on balance, ***NOT PREJUDICIAL*** *to the interest of the Company and its Minority Shareholders, after factoring, inter-alia, the following:-*

(i) The rationale of the Proposed Disposal as set out in Section 4 of the Circular.

(ii) The Sale Group's weak financial performance (with declining revenues and consecutive losses for FY2017 to FY2019) and financial position (with net current liabilities position of approximately US$2.2 million and minimal shareholders' equity of approximately US$20 thousand as at 30 June 2020). In addition, the Company is of the opinion that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future. Thus, the Proposed Disposal will allow the Group to exit from the marine and offshore engineering industry in the future and focus its resources on exploring other opportunities including the food and beverage business, in line with the diversification of the Group's business as previously approved by the Shareholders. Shareholders should note the Board intends to explore an acquisition of an education business in Thailand and in the event the proposed acquisition does not materialise before the completion of the Proposed Disposal, the Group's remaining assets after the Proposed Disposal will substantially consist of the investment in Rich Restaurant Co Ltd. The Company may be considered as a cash company during the relevant point in time.

(iii) The Group's weak financial performance and position with material uncertainty related to going concern highlighted by the Independent Auditor for FY2019. The Directors have represented and confirmed that as at the Latest Practicable Date, the sufficiency of the Group's working capital for the next 12 months and the ability of the Group to continue as going concern will depend on, inter-alia, the successful completion of the Proposed Disposal as it would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure to future losses.

(iv) The Directors' confirmation that (a) whilst significant efforts have been made by the Directors and Management to source for alternative offer since March 2020 (which is after the completion of the Subscription) from third parties, including the Purchaser, for the sale of the Sale Shares, there has not been any interest to further the discussions save for the Purchaser; (b) it is extremely challenging to find potential buyers willing to offer a decent price for the Sale Group and therefore, the discount of the Purchase Consideration to the Market Value as ascribed by

the Valuer should be viewed in the context that there are no potential offers; and (c) the Proposed Disposal is part of their plan to change the core business of the Group.

(v) Favourable financial effects as outlined in Section 8 of the Circular - In general, following the completion of the Proposed Disposal, and notwithstanding that there will be no net proceeds arising from the Proposed Disposal, the financial effects of the Proposed Disposal is expected to be favourable in terms of the higher NTA per Share, improvement in EPS (from a loss per Share to a profit per Share), and an improved financial position in terms of gearing ratio (in view of the total reduction in borrowings).

10.3 The recommendation of the IFA is reproduced in the extract below:

"Based on our assessment of the Proposed Disposal as an IPT as set out above and subject to the analysis in this Letter, inter-alia, there being no alternative offers and that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities, and that the Proposed Disposal would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure to future losses, from a financial point of view, we advise the Non-Interested Directors to recommend that Independent Shareholders vote in favour of the Proposed Disposal to be proposed at the EGM. We advise the Non-Interested Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, inter-alia, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Non-Interested Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour for or against the Proposed Disposal.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or NGPL or the Sale Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company or the Group or the Sale Group after the completion of the Proposed Disposal and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Disposal as IPT."

10.4 The IFA has further set out certain matters which they wish to highlight to Shareholders, an extract of which is as reproduced below:

"We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

(1) Our scope does not require us and we have not made any independent evaluation of NGPL or the Sale Group (including without limitation, market value or economic potential) or appraisal of the Sale Group's assets and liabilities or contracts entered into by the Sale Group or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Sale Group or the Group save for the Valuation Report and the summary of the Valuation Report issued by the Valuer in respect of, inter-alia, the market value of the 100% equity interest in the capital of the Sale Group as at the Valuation Date.

With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities, and businesses (including without limitation the Sale Group) including, inter-alia the contracts or agreements that the Sale Group or the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in their respective unaudited financial statements and/or audited financial statements (as the case may be) for FY2017, FY2018, FY2019, HY2019 and HY2020 are, to the best of their knowledge and beliefs, true and fair. Likewise, the Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Sale Group as reflected in, inter-alia, their respective audited or unaudited financial statements (or pro-forma unaudited financial statements where applicable) for FY2017, FY2018, FY2019, HY2019 and HY2020 are, to the best of their knowledge and beliefs, true and fair.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-NET and the unaudited financial statements (or pro-forma unaudited financial statements where applicable) for the Group and the Sale Group for HY2020 there has been no material changes to the Group's and the Sale Group's assets and liabilities, financial position, condition and performance.

(2) Our scope does not require us to express and we do not express, a view on the future growth prospects of the Company or the Group before and after the transactions stipulated in the Circular or the Proposed Disposal or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern."

10.5 The IFA Letter is reproduced in Appendix B to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety.

11. AUDIT COMMITTEE STATEMENT

11.1 The Audit Committee comprises Mr Kenny Lim Yeow Hua, Dr Kunchit Singsuwan and Dr Aphichat Sramoon, and none of them have any interests in the Proposed Disposal and are accordingly deemed independent for the purposes of the Proposed Disposal.

11.2 The Audit Committee having considered, inter alia, the terms, rationale and benefits of the Proposed Disposal, the details of the Proposed Disposal, the financial effects of the Proposed Disposal, as well as the advice given by the IFA as set out in the IFA Letter, concurs with the opinion of the IFA and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

11.3 The Audit Committee further recommends any individual Shareholder who may require specific advice to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser and strongly advises Shareholders to read this Circular (including the IFA Letter and the summary of the Valuation Report appended hereto) in its entirety carefully.

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the share capital of the Company as recorded in the register of Directors' shareholdings and the register of Substantial Shareholders of the Company respectively are set out below:

	Number of Shares			**Total Percentage Interest (%)[(1)]**
	Direct	**Deemed**	**Total**	

Directors				
Dr Chirasak Chiyachantana	400,000,000	-	400,000,000	50.37
Mr John Grønbech	30,057,162	-	30,057,162	3.78
Dr Kunchit Singsuwan	-	-	-	-
Dr Aphichat Sramoon	-	-	-	-
Mr Kenny Lim Yeow Hua	-	-	-	-
Substantial Shareholders (other than Directors)				
Jatechanya Boonchaleo	68,250,000	-	68,250,000	8.59
Kim Seng Holdings Pte Ltd	69,614,641	-	69,614,641	8.77
Tan Fuh Gih	3,086,702	69,614,641[(2)]	72,701,343	9.16
Tan Kim Seng	-	69,614,641[(2)]	69,614,641	8.77
Tan Hoo Lang	-	69,614,641[(2)]	69,614,641	8.77
Tan Wei Min	-	69,614,641[(2)]	69,614,641	8.77

Notes:

(1) The percentage of shareholdings is computed based on the issued and paid up share capital of the Company comprising 794,186,046 Shares (excluding treasury shares).

(2) Kim Seng Holdings Pte Ltd is an investment holding company incorporated in Singapore. Tan Kim Seng, Tan Fuh Gih, Tan Hoo Lang and Tan Wei Min hold 24.0%, 22.0%, 22.0% and 20.0% of the issued and paid-up share capital of Kim Seng Holdings Pte Ltd respectively and are each deemed interested in the shares held by Kim Seng Holdings Pte Ltd. The remaining shareholders of Kim Seng Holdings Pte Ltd are Tan Ah Ling (5.0%), Loh Sok Beng (5.0%) and Tan Ah Moy (2.0%). Tan Kim Seng, Tan Fuh Gih, Tan Hoo Lang, Tan Wei Min, Tan Ah Ling, Loh Sok Beng and Tan Ah Moy are siblings. Tan Kim Seng, Tan Fuh Gih and Tan Hoo Lang are directors of Kim Seng Holdings Pte Ltd.

Save as disclosed in this Circular, none of the Directors, Controlling Shareholders or Substantial Shareholders of the Company or their respective associates has any interest, whether direct or indirect, in the Proposed Disposal (other than through their shareholdings (if any) in the Company).

13. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

14. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held via electronic means on 8 December 2020 at 12:00 p.m. for the purpose of considering, and, if thought fit, passing with or without modifications, the ordinary resolution in respect of the Proposed Disposal at set out in

the Notice of EGM.

15. NON-INTERESTED DIRECTORS' RECOMMENDATION

15.1 As advised by the IFA in their IFA Letter, the Non-Interested Directors recommend the Shareholders exercise caution in their decision in voting in favour for or against the Proposed Disposal. Any individual Shareholder who may require specific advice to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser. The Non-Interested Directors recommend that Shareholders should read this Circular (including the IFA Letter and the summary of the Valuation Report appended hereto) in its entirety carefully.

15.2 The Non-Interested Directors having considered, inter alia, the terms, rationale and benefits of the Proposed Disposal, the details of the Proposed Disposal, the financial effects of the Proposed Disposal, as well as the advice given by the IFA as set out in the IFA Letter, are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Disposal.

16. ABSTENTION FROM VOTING

16.1 In accordance with Rule 919 of the Catalist Rules, John Grønbech and his associates will abstain from voting on the resolution approving the Proposed Disposal, and from accepting any appointments as proxies. The Company will disregard any votes cast by John Grønbech and his associates on the resolution approving the Proposed Disposal.

16.2 All Shareholders who are required to abstain from voting pursuant to a court order must abstain, and the Company will (provided that if the abstention is pursuant to a court order, such court order is served on the Company before the EGM) procure such Shareholder to abstain, from voting in respect of the relevant resolution. The Company will disregard any votes cast on the relevant resolution by such Shareholder (who is required to abstain from voting pursuant to a court order where such court order is served on the Company before the EGM).

17. CONSENTS

17.1 The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its IFA Letter dated 23 November 2020 as set out in Appendix B to this Circular and all references thereto, in the form and context in which they appear in this Circular.

17.2 The Valuer has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular (including the IFA Letter) with the inclusion of its name, the summary of the Valuation Report as set out in Appendix C in this Circular and all references to the Valuation Report, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

18. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, the EGM will be conducted via electronic means. Shareholders will not be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM as set out below:

(a) Observing or listening to the EGM proceedings via electronic means

Shareholders who wish to observe or listen to the "live" audio-visual webcast or "live" audio-only stream must pre-register via the following link: https://www.nautec.com/egm-registration-link/ no later than 12:00 p.m. on 5 December 2020 (the "**Registration Deadline**") being not less than 72 hours before the time appointed for holding the EGM.

Authenticated shareholders will receive an email containing a unique link to access the live audio-visual webcast via zoom or via their web browser. In the situation where the link does not work, Shareholders can also access the session via entering the webinar ID and password directly in the Zoom platform. Shareholders can access the audio-only stream of the EGM proceedings via the provided telephone number with webinar ID and a password.

Shareholders who have pre-registered by the Registration Deadline but did not receive the aforementioned email by 12:00 p.m. on 7 December 2020, (being 24 hours before the EGM) should contact Fann Loo via email at support@nautec.com.

Shareholders MUST NOT forward the unique link, webinar ID or password to other persons.

(b) Submitting questions in advance of the EGM

Shareholders may also submit questions related to the resolution to be tabled for approval at the EGM. All questions must be submitted no later than 12:00 p.m. on 5 December 2020 (the "**Submission Deadline**") via egm.queries@nautec.com.

The Company will endeavour to address substantial and relevant questions relating to the resolution to be tabled for approval at the EGM prior to the EGM and/or at the EGM. Please note that Shareholders will not be able to ask questions at the EGM and accordingly, it is important for Shareholders to submit their questions by the Submission Deadline.

(c) Voting by Proxy

Shareholders will not be able to vote online at the EGM. Instead, if Shareholders (whether individuals or corporates) wish to exercise their votes, they must submit a proxy form to appoint the chairman of the EGM (the "**EGM Chairman**") to vote on their behalf. Shareholders (whether individuals or corporates) appointing the EGM Chairman as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.

The proxy form must be submitted to the Company through any one of the following means:

(i) by depositing a physical copy at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

(ii) by sending a copy by email to sg.is.proxy@sg.tricorglobal.com,

in either case, by 12:00 p.m. on 6 December 2020 (being not less than 48 hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

Shareholders who hold their shares through relevant intermediaries (including CPFIS Members or SRS investors) and who wish to exercise their votes by appointing the EGM Chairman as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions by 12:00 p.m. on 26

November 2020.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

20. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 12 Tai Seng Link, #05-01A, Singapore 534233 during normal business hours for a period of three (3) months from the date of this Circular:

(a) the constitution of the Company;

(b) the annual report of the Company for FY2019;

(c) the SPA;

(d) the IFA Letter;

(e) the Valuation Report;

(f) the consent letter from the IFA; and

(g) the consent letter from the Valuer.

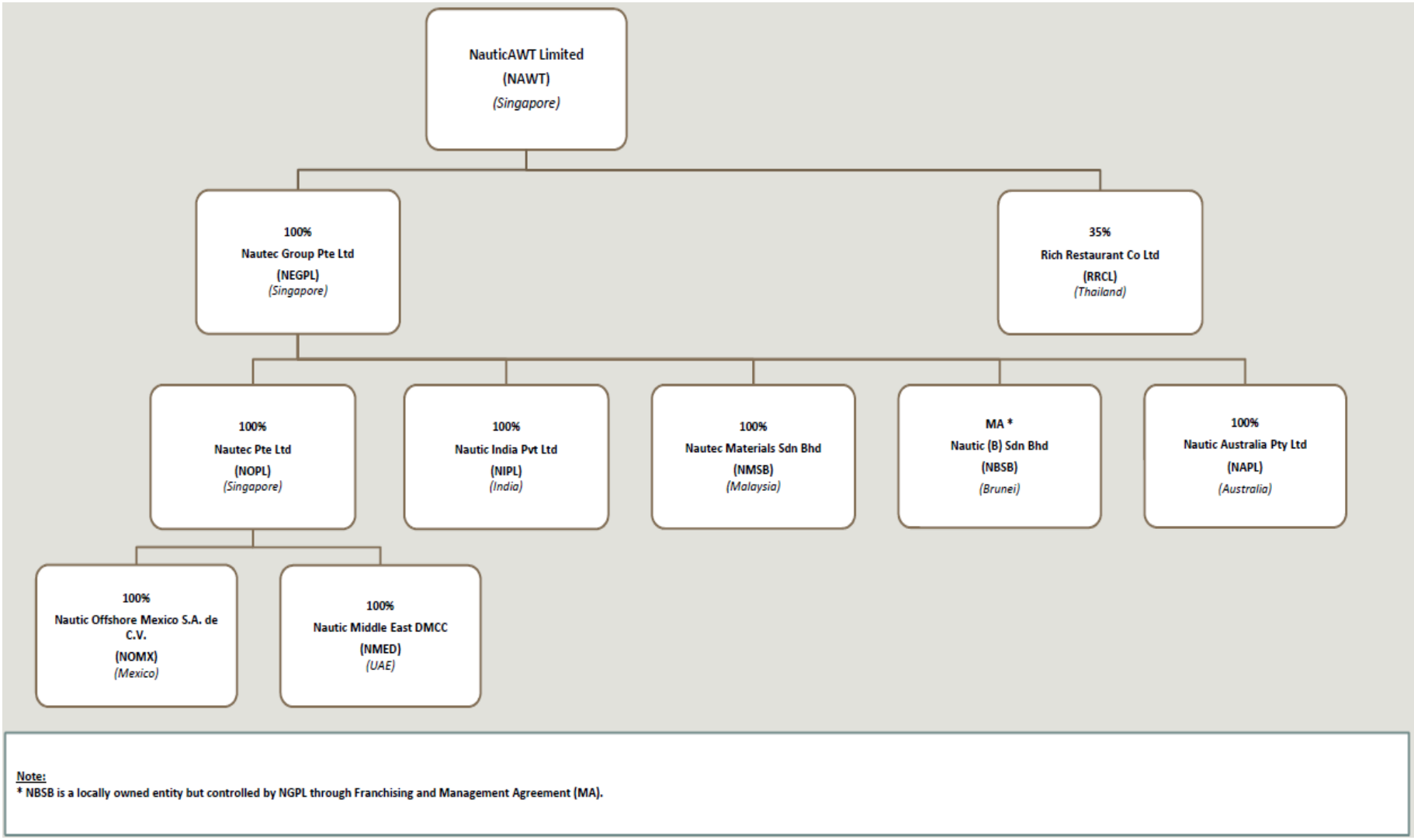
Yours faithfully,

For and on behalf of the Board of Directors of
NAUTICAWT LIMITED

Dr Chirasak Chiyachantana
Non-Independent Non-Executive Chairman
23 November 2020

APPENDIX A

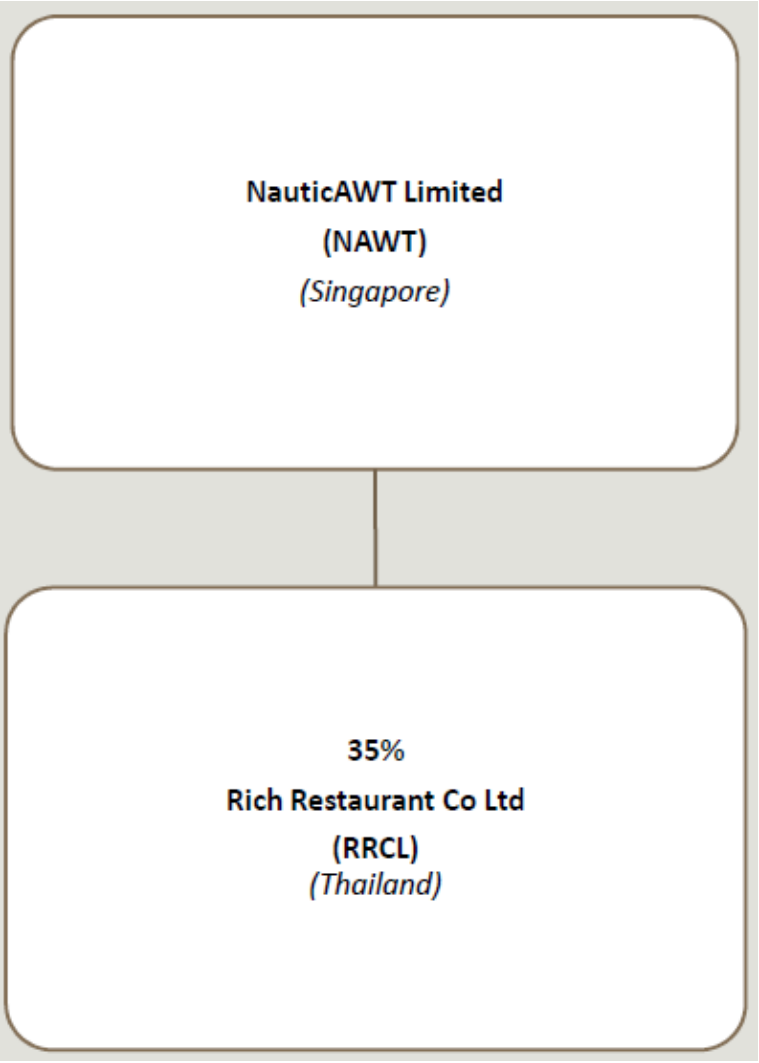
Current Group structure



Note:
* NBSB is a locally owned entity but controlled by NGPL through Franchising and Management Agreement (MA).

APPENDIX A

Group structure immediately following completion of the Proposed Disposal



APPENDIX B

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF NAUTICAWT LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Non-Interested Directors (as hereinafter defined)
NauticAWT Limited
12 Tai Seng Link
#05-01A
Singapore 534233
23 November 2020

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF NAUTEC GROUP PTE. LTD.

*Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 23 November 2020 (the "**Circular**") issued by NauticAWT Limited.*

1. INTRODUCTION

On 9 October 2020 ("**Announcement Date**"), NauticAWT Limited (the "**Company**") announced that it had entered into a sale and purchase agreement (the "**SPA**") with John Grønbech (the "**Purchaser**") for the proposed disposal by the Company of the entire issued and paid-up ordinary shares (the "**Sale Shares**") in the capital of Nautec Group Pte. Ltd. ("**NGPL**") for an aggregate consideration ("**Purchase Consideration**" or "**Consideration**") of US$214,345.00 (the "**Proposed Disposal**").

The Proposed Disposal constitutes:

(a) a major transaction under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist as the same may be amended, varied or supplemented from time to time ("**Catalist Rules**"). Further details are set out in Section 7 of the Circular; and

(b) an interested person transaction as defined under Chapter 9 of the Catalist Rules. Further details are set out in Section 9 of the Circular.

Accordingly, the Proposed Disposal is subject to the approval of Shareholders under Rules 906 and 1014 of the Catalist Rules, by way of an ordinary resolution. Thus pursuant to Chapter 9 of the Catalist Rules, the Proposed Disposal falls within the ambit of an interested person transaction ("**IPT**" or "**Interested Person Transaction**").

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as an independent financial adviser ("**IFA**") to provide an opinion as to whether the Proposed Disposal as an Interested Person Transaction is on normal commercial terms and whether it would be prejudicial to the interests of the Company and its minority Shareholders (as defined herein). This letter ("**IFA Letter**" or "**Letter**") has been prepared for use by the directors of the Company ("**Directors**") who are independent for the purposes of the Proposed Disposal ("**Non-Interested Directors**"). We note from the Circular that as at 10 November 2020 (the "**Latest Practicable Date**"), the Non-Interested Directors comprise namely Dr Chirasak Chiyachantana, Dr Kunchit Singsuwan, Dr Aphichat Sramoon and Mr Kenny Lim Yeow Hua.

This Letter sets out, *inter-alia*, our views and evaluation of the Proposed Disposal as an Interested Person Transaction, which is being proposed as an ordinary resolution in the notice of the extraordinary general meeting ("**EGM**") of the Company as set out in the Circular to be issued to the shareholders of the Company ("**Shareholders**") in connection with the Proposed Disposal.

The Proposed Disposal will be subject to the approval by Shareholders other than the Purchaser and his associates ("**Independent Shareholders**") and we note from the Circular that in accordance with Rule 919 of the Catalist Rules, the Purchaser and his associates will abstain from voting on the resolution approving the Proposed Disposal, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM. The Company will disregard any votes cast by the Purchaser and his associates on the resolution approving the Proposed Disposal.

Likewise, this Letter contains our recommendations to the Non-Interested Directors in relation to the Proposed Disposal as an Interested Person Transaction. It is prepared for use by the Non-Interested Directors in forming their view in connection with the Proposed Disposal. Unless otherwise defined or where the context otherwise requires, the definition used in the Circular shall apply throughout this Letter. Certain of the figures and computations as enumerated or set out in this Letter are based on approximations and its accuracy is subject to rounding.

2. TERMS OF REFERENCE

ACA has been appointed by the Company to advise the Non-Interested Directors with respect to the Proposed Disposal, being an Interested Person Transaction under Chapter 9 of the Catalist Rules. We were neither a party to the negotiations entered into by the Company in relation to the Proposed Disposal as an Interested Person Transaction, nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed Disposal, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the transactions contemplated in the Circular, being *inter-alia* the Proposed Disposal, or the possibilities or feasibilities of the completion of the Proposed Disposal or the timing on when the Proposed Disposal can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether the Proposed Disposal as an Interested Person Transaction (pursuant to Chapter 9 of the Catalist Rules) are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

We have confined our evaluation strictly and solely on the Proposed Disposal as an Interested Person Transaction and have not taken into account the commercial/financial risks and/or merits (if any) of or the timing for the transactions contemplated in the Circular including the structuring or inter-conditionality (if applicable), of the Proposed Disposal as an Interested Person Transaction or the validity of any resolution, or the future financial performance or position of the Company and its subsidiaries (the "**Group**") and NGPL and its subsidiaries (the "**Sale Group**") subsequent to the Proposed Disposal as an Interested Person Transaction or the possibility or probability that the Group or the Sale Group can improve their profitability or that the anticipated benefits from the Proposed Disposal can be realised (as the case may be). Such evaluation or comment remains the responsibility of the Directors and the 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 view as set out in this Letter.

In the course of our evaluation, we have held discussions with certain Directors and the Management, *inter-alia*, regarding their assessment of the rationale for the Proposed Disposal and have examined publicly available information collated by us including the audited financial statements as well as information including material information or developments pertaining to the Company, the Group, and the Sale Group where applicable (both written and verbal), provided to us by the Directors and Management and professional advisers of the Company, including where applicable its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Sale Group after the completion of the transactions stipulated in the Circular. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group or the Sale Group and neither are we responsible for it. Accordingly, estimates or analysis or evaluation of the merits of the Company or the Group or the Proposed Disposal as an Interested Person Transaction or the Sale Group, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter-alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Non-Interested Directors (as well as Independent Shareholders of the Company who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available information and other information provided by the Company, the Sale Group, and the Directors as well as those disclosed in the Circular as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial year end or interim financial period for the Company or the Group or Sale Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Proposed Disposal as an Interested Person Transaction and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment. The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided by the Directors and contained therein. The Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Sale Group or the Proposed Disposal stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Disposal has been disclosed to ACA and included in the Circular, that to their best knowledge, such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group or the Sale Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation of NGPL or the Sale Group (including without limitation, market value or economic potential) or appraisal of the Sale Group's assets and liabilities or contracts entered into by the Sale Group or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) or contracts entered into by the Sale Group or the Group save for valuation report dated 23 November 2020 (the "**Valuation Report**") and the summary of the Valuation Report issued by the party named in the said Valuation Report ("**Valuer**") in respect of, *inter-alia,* the market value of the 100% equity interest in the capital of the Sale Group as at 30 June 2020 (the "**Valuation Date**").

With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities, and businesses (including

without limitation the Sale Group) including, *inter-alia* the contracts or agreements that the Sale Group or the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in their respective unaudited financial statements and/or audited financial statements (as the case may be) for, *inter-alia,* the 6 months period ended 30 June ("**HY**") 2019 ("**HY2019**") and 2020 ("**HY2020**") and the financial year ended 31 December ("**FY**" or "**FYE**") 2017 ("**FY2017**"), 2018 ("**FY2018**") and 2019 ("**FY2019**") are, to the best of their knowledge and beliefs, true and fair. Likewise, the Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Sale Group as reflected in, *inter-alia,* their respective audited or unaudited financial statements (or pro-forma unaudited financial statements where applicable) for HY2019, HY2020 and FY2017, FY2018 and FY2019 are, to the best of their knowledge and beliefs, true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the pro-forma unaudited financial statements and/or unaudited financial statements and/or the audited financial statements (as the case may be) for HY2019, HY2020, FY2017, FY2018 and FY2019 for the Sale Group, the Company and the Group, to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter-alia,* the valuation or appraisal of assets and liabilities including, *inter-alia* the contracts or agreements that NGPL and/or the Sale Group and/or the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-NET and the unaudited financial statements (or pro-forma unaudited financial statements where applicable) for the Group and the Sale Group for HY2020 there has been no material changes to the Group's and the Sale Group's assets and liabilities, financial position, condition and performance.

In the course of our evaluation, we also note that the independent auditors (the "**Independent Auditors**") of the Company named in the annual report for FY2019 ("**AR2019**") have highlighted the material uncertainty related to going concern. The extract of material uncertainty related to going concern are set out in Section 5.2.1 of this Letter and can be found on page 44 of the AR2019.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Non-Interested Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter including, *inter-alia,* the Proposed Disposal as an Interested Person Transaction, or the Company or the Group or NGPL or the Sale Group or the Shares (defined later) which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Non-Interested Directors, and as such the Non-Interested Directors are advised to note that they should not use this Letter as the only basis and any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Proposed Disposal as an Interested Person Transaction or its recommendation, following the date of the issue of this Letter.

Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor Non-Interested Directors nor any other party, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Non-Interested Directors and

the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Disposal as an IPT and/or at the forthcoming EGM. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter-alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. THE PROPOSED DISPOSAL

3.1 Principal Terms of the Proposed Disposal

The principal terms of the Proposed Disposal is set out in Section 6 of the Circular and have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

"**6. *PRINCIPAL TERMS OF THE PROPOSED DISPOSAL***

The terms of the Proposed Disposal are set out in the SPA. A summary of the principal terms of the Proposed Disposal is set out in this section.

6.1 Consideration

*The purchase consideration for the Sale Shares is US$214,345.00 (the **"Purchase Consideration"**). The Purchase Consideration was determined by the Purchaser and the Company based on a willing-buyer, willing-seller basis taking into consideration, inter alia, the market value of the Sale Shares based on the valuation and the various factors set out in sections 4.1 to 4.6 above.*

Notwithstanding that the Purchase Consideration is lower than the lower-band of the valuation, the Board had agreed to the Purchase Consideration due to the following factors:

(a) the Board has considered other potential risks such as the current global condition due to Covid-19, the challenging market conditions and fluctuation of oil prices, loss of manpower, and additional funding requirements, including but not limited to additional capital expenditure, which may affect the performance of Sale Group;

(b) there is no assurance that the Sale Group will be able to achieve the valuation especially in a highly volatile oil and gas market with the historical losses and downward revenue trend. Additionally, the Sale Group has a net current liability of approximately USD2.2 million and net asset value of USD19,913 as of 1H2020, as well as limited available cash due to the restrictions placed on cash pledged as security towards the loan extended by the bank; and

(c) any adverse changes to any of the above factors or risks will adversely impact the performance of the Sale Group, thus resulting in new additional funding required to support and sustain the business.

6.2 Conditions Precedent under the SPA

*The obligation of the Company and the Purchaser to complete the Proposed Disposal (**"Completion"**) is subject to the fulfillment on or prior to the Completion Date of the following conditions, which may be waived by the Purchaser (**"Conditions Precedent"**):*

(a) Consents and Approvals. All Required Consents shall have been obtained without restrictions or limitations whatsoever unacceptable to the Purchaser, and be in full force and effect, and the Purchaser shall have been furnished with evidence reasonably satisfactory to it of the granting of such Required Consents, in particular, and without limitation:

(i) *the approval of the Company's shareholders at a general meeting and its board of directors; and*

(ii) *the approval of the regulatory authorities (including the SGX-ST, where applicable),*

in respect of the Proposed Disposal as contemplated under the SPA.

(b) *Settlement of Vendor's Liabilities. The Vendor's Liabilities shall have been fully repaid and settled, such that there are no further outstanding liabilities between the Company and the Sale Group. The Company shall be fully discharged of any and all of its liabilities to the Sale Group following Completion and accordingly the Company and Purchaser agree and undertake to take all action and execute all documents to give effect to such discharge (if necessary).*

6.3 Long Stop Date

The Long Stop Date of the SPA is 15 December 2020.

Pursuant to the terms of the SPA, the Company and the Purchaser shall use their respective best endeavours to procure the fulfilment of the Conditions Precedent on or before the Long Stop Date and in particular shall furnish such information, supply such documents, pay such reasonable fees and do such acts and things as may be required to enable such Condition Precedent to be fulfilled, including all obligations contemplated pursuant and/or in connection with the same, including without limitation in connection with the Proposed Disposal.

Further, the Company has undertaken in the SPA that it shall as soon as practicable after the date of the SPA, convene the EGM to seek the approval of the Company's shareholders for the Proposed Disposal.

6.4 Completion

*Completion shall take place on the date falling three (3) business days after the satisfaction of the Conditions Precedent or such date as the Purchaser and the Company may agree in writing ("**Completion Date**"), at such place and time as the Company and the Purchaser may agree".*

3.2 The Proposed Disposal as an Interested Person Transaction

As at the date of SPA and as at the Latest Practicable Date, the Purchaser is an Executive Director and the Chief Executive Officer of the Company. The date of his initial appointment to the Board is 2 September 2011, and he was last re-elected to the Board on 29 June 2020. The Purchaser has abstained and will abstain from making any recommendations or voting as a Director on any resolutions of the Board in connection with the Proposed Disposal.

As at the Latest Practicable Date, the Purchaser has a direct interest in the Company of 30,057,162 ordinary shares in the capital of the Company ("**Shares**"), representing approximately 3.78% of the issued and paid-up capital of the Company. As such, the Purchaser is an "interested person" pursuant to Rule 904(a) of the Catalist Rules, and the Proposed Disposal constitutes an "interested person transaction" for the purposes of Chapter 9 of the Catalist Rules.

We note from Section 9 of the Circular that based on the latest audited consolidated financial statements of the Group for FY2019, the audited consolidated NTA of the Group was approximately US$1,088,111 and the net assets value of the Group was approximately US$2,212,443 (including intangible assets of US$1,124,332). Pursuant to Rule 909(4) of the Catalist Rules, the market value of the 100% equity interest in the capital of the Sale Group as at 30 June 2020 is in the region of US$0.26 million to US$0.73 million based on the valuation conducted by the Valuer, which is approximately 23.89% to 67.09% of the latest audited consolidated NTA of the Group. As such, the Proposed Disposal is an interested person transaction which is subject to the approval of the Company's shareholders at the EGM, pursuant to Rule 906(1)(a) of the Catalist Rules.

Save as disclosed above, as at the Latest Practicable Date, the Group has not entered into any transactions with the Purchaser or any other interested persons for the current financial year ending 31 December 2020.

Pursuant to Rule 919 of the Catalist Rules, the Purchaser and his associates will abstain from voting on the resolution approving the Proposed Disposal, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM.

4. INFORMATION ON NGPL AND THE PURCHASER

Information on NGPL and the Purchaser can be found in Section 3 of the Circular.

5. EVALUATION OF THE PROPOSED DISPOSAL AS INTERESTED PERSON TRANSACTION

For the purposes of evaluating the Proposed Disposal as Interested Person Transaction, we have taken into account the following pertinent factors as well as others as set out in this Letter, which we consider as having a significant bearing on our assessment:

(i) Rationale for the Proposed Disposal;

(ii) Financial performance and position of the Group and the Sale Group;

(iii) Net assets value ("**NAV**") and net tangible assets ("**NTA**") of the Sale Group;

(iv) Relative valuation analysis;

(v) Analysis of selected comparable transactions; and

(vi) Other considerations which have significant bearing on our assessment.

These factors are discussed in greater detail in the ensuing sections.

In our assessment of the Consideration and the Proposed Disposal as an Interested Person Transaction, we have applied certain valuation ratios in assessing its reasonableness. A brief description of such valuation ratios are as follows: -

(i)	**EV/EBITDA**	**"EV"** or **"Enterprise Value"** is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long-term debts less its cash and cash equivalents. **"EBITDA"** stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items. The **"EV/EBITDA"** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
(ii)	**Price-to-Earnings ("PER")**	The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company's shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
(iii)	**Price-to-NTA ("P/NTA")**	The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible asset backing as measured in terms of its NTA value. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
(iv)	**Price-to-NAV ("P/NAV")**	The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

In assessing the Proposed Disposal as an Interested Person Transaction, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

5.1 Rationale for the Proposed Disposal

The rationale for the Proposed Disposal has been extracted from Section 4 of the Circular and is set out in italics below. We recommend that Non-Interested Directors advise independent Shareholders to read this section of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated:-

"4. RATIONALE FOR THE PROPOSED DISPOSAL

General rationale for the Proposed Disposal

4.1 The Company is of the view that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future, due to moderating oil prices and flattening demand for oil in the long term. As such, the Company plans to rationalise and divest its non-performing businesses in this industry. The Sale Group has been loss making for the past three (3) years, save for the net profit recorded for 1H2020 as stated in section 3.6 above, which was primarily due to further massive cost cutting measures relating to staff costs and the government subsidies and financial assistance received during this period. The Company has not declared or paid any dividend since its initial public offering in 2015 due to its financial performance and position. Besides the aforesaid pessimistic outlook, the Company has also considered the Sale Group's net current liability position and the short term and long-term capital expenditure required to sustain the business.

4.2 The Proposed Disposal will allow the Group to exit from the marine and offshore engineering industry and focus its resources on exploring other opportunities including the food & beverage business, in line with the diversification of the Group's business approved by shareholders on 19 November 2019.

4.3 In addition, the Company believes that the Proposed Disposal would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure of the future losses. The revenue of the Sale Group (specifically the Group's existing core business) has remained stagnant and has not improved despite the Company's hopeful outlook as stated in the Company's financial results for the half year ended 30 June 2019 and the annual report for FY2019 announced on 14 August 2019 and 15 April 2020 respectively. Given the past historical losses, decrease in revenue since 2017, recent revenue performance in 1H2020 and the renewed industry and business outlook, the Board is of the view that the Proposed Disposal would allow the Company to focus its resources on exploring other opportunities.

Background for the disposal to the Purchaser

4.4 Around March 2020, the Company had approached business associates to explore the possibility and potential terms of selling the Sale Shares to such parties (including the Purchaser). However, there was a lack of interest and no meaningful discussions were able to take place with such parties save for the Purchaser, due to inter alia the Sale Group's historical losses, net current liability position, short term and long term capital expenditure requirements, and the general pessimistic outlook of the industry in which the Sale Group operates. The only offer made for the Sale Group for cash is from the Purchaser.

4.5 During the debt restructuring of our Group, as announced in the Company's announcements on 10 July 2019 and 24 September 2019 and approved by our shareholders in a general meeting on 19 November 2019, in order to assist the Company to fulfill the conditions precedent for the completion of the subscription (which included taking steps to reduce the liabilities of the Company to not more than S$500,000) as announced in the Company's announcement on 10 July 2019 and approved by our shareholders in a general meeting on 19 November 2019, creditors have agreed, inter alia, to novate monies due and outstanding from the Company to NGPL. The creditors have also agreed to deferred instalment payments. Such creditors included our employees and former directors. As such, the continual viability of the Sale Group would also be in the interest of the creditors and employees of the Group who had consented to the debt structuring as a pre-condition to the injection of fresh capital into the Company from

the subscription. The Company believes that the Purchaser is a suitable candidate to assume ownership of the Sale Group as he is familiar with its businesses and operations, and the industry in which it operates. Dr. Chirasak Chiyachantana, being the Controlling Shareholder, has shown his full support for the Proposed Disposal and believes that the Purchaser, given his in-depth knowledge of the industry and business, is the best person to bring the Sale Group forward, and is in the best interest of the Group's stakeholders.

4.6 For the same reason, the Company also believes that a disposal of the Sale Group should be undertaken in its entirety as compared to a sale of individual entities as these entities operate as a combined synergistic business and economic unit.

Future Plans of the Group

4.7 The Company will also continue to explore other new business areas (including food & beverage) leveraging on the experience and network of the Chairman and the Board.

4.8 After the completion of the abovementioned subscription agreement in December 2019, the major and controlling shareholder, Dr. Chirasak Chiyachantana, has indicated his intention for the Group to further diversify and change its core business to the education industry. In this regard, following further discussions, the Board agreed to explore an acquisition of an education business in Thailand which may potentially be classified as a very substantial acquisition pursuant to Chapter 10 of the Catalist Rules.

4.9 To this end, a pre-clearance application in respect of the potential acquisition was submitted to SGX in March 2020. The Company will make the necessary announcements in compliance with the Catalist Rules as and when there are material developments in relation to such potential acquisition.

4.10 ***In the event that the aforesaid potential acquisition does not materialise prior to the completion of the Proposed Disposal, the Group's remaining assets will substantially consist of the investment in Rich Restaurant Co Ltd. During this time, the Company may be considered a cash company pursuant to Rule 1017 of the Catalist Rules, pending further consultation with the SGX-ST via its Sponsor.***"

5.2 Financial performance and position of the Group and Sale Group

5.2.1 Financial performance and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for the FY2017, FY2018 and FY2019, and the unaudited financial statements of the Group for the HY2019 and HY2020:-

Summary of Income Statements

Figures in US$'000[1]	Unaudited HY2020	Unaudited HY2019	Audited FY2019	Audited FY2018	Audited FY2017
Continuing operations					
Revenue	2,780	3,546	6,169	7,566	8,953
Cost of sales	(1,588)	(1,938)	(3,833)	(3,761)	(5,080)
Gross profit	1,192	1,608	2,336	3,805	3,873
Other income	73	7	2,292	41	69
Operating expenses[2]	(1,212)	(1,650)	(4,223)	(5,529)	(8,040)
Share of loss of associate	(90)	-	-	-	-
Finance costs	(130)	(350)	(562)	(556)	(408)
(Loss) before tax	(167)	(385)	(157)	(2,240)	(4,506)
(Loss) from continuing operations	(167)	(385)	(157)	(2,194)	(4,647)
Discontinued operations					
(Loss) from discontinued operations	-	(58)	(57)	(2,789)	(1,623)
(Loss) after tax attributable to owners of the Company	(167)	(444)	(214)	(4,983)	(6,855)

Summary of Consolidated Statements of Financial Position

Figures in US$'000[1]	Unaudited HY2020	Audited FY2019	Audited FY2018	Audited FY2017
Non-current assets	8,563	6,603	8,410	8,882
Current assets	2,977	6,026	3,514	6,525
Non-current liabilities	4,118	4,048	6,908	5,066
Current liabilities	5,333	6,369	8,138	9,548
Total borrowings[3]	5,363	5,560	8,488	7,389
Total borrowings (net of cash)[4]	4,489	2,359	8,450	7,072
Shareholders' equity	2,089	2,212	(3,123)	793
Net current liabilities	(2,356)	(343)	(4,625)	(3,023)
Gearing ratio (times)[5]	2.6	2.5	negative	9.3
Net gearing ratio (times)[6]	2.1	1.1	negative	8.9
Total liabilities/shareholders' equity (times)	4.5	4.7	negative	18.4

Summary of Statements of Cash Flows

Figures in US$'000[1]	Unaudited HY2020	Unaudited HY2019	Audited FY2019	Audited FY2018	Audited FY2017
Net cash generated from / (used in) operating activities	(599)	306	776	(155)	962
Net cash used in investing activities	(1,625)	(71)	(3)	(703)	(1,495)
Net cash (used in) / generated from financing activities	(97)	(132)	1,832	679	646
Net increase / (decrease) in cash and cash equivalents	(2,321)	102	2,605	(178)	113
Cash and cash equivalents as at end of financial period / year	(32)	(221)	2,288	(324)	(139)

Notes:

(1) Figures and computation presented in this section are subject to rounding.

(2) Operating expenses comprise administrative expenses and distribution expenses.

(3) Total borrowings include debt restructuring payable, liabilities for trade bills discounted with recourse, bank loan and advances, lease liabilities, loan from directors and convertible notes and loans as well as loans from third parties and employees (which are unsecured, interest bearing and recorded under other payables).

(4) Total borrowings (net of cash) are defined as total borrowings net of cash and bank balances.

(5) Gearing ratio is defined as the ratio of total borrowings to shareholders' equity while leverage ratio is defined as the ratio of total liabilities to Shareholders' equity.

(6) Net gearing ratio is defined as the ratio of total borrowings net of cash and bank balances to shareholders' equity.

We note the following:

(i) Decreasing revenue and gross profit

The Group's revenue decreased significantly from approximately US$9.0 million in FY2017 to approximately US$7.6 million and US$6.2 million in FY2018 and FY2019 respectively. The decrease in revenue for FY2018 was mainly due to a decrease in revenue contribution from the Ports and Offshore segment. The decrease in revenue for FY2019 was mainly due to a decrease in revenue contribution from the Ports and Offshore segment and the Energy and Mining segment. The Group's revenue decreased from approximately US$3.5 million in HY2019 to US$2.8 million in HY2020, mainly due to lower revenue contribution by the Ports and Offshore segment of approximately US$1.4 million as a result of lesser on-going projects during HY2020, which partially offset by higher revenue contribution from the Renewable segment of approximately US$0.6 million.

The Group's gross profit decreased from approximately US$3.9 million in FY2017 to approximately US$3.8 million and US$2.3 million in FY2018 and FY2019 respectively. The significant decrease in gross profit in FY2019 was mainly due to the rising direct project costs. The Group's gross profit margin for FY2017 improved from approximately 43.3% to approximately 50.3% in FY2018 but decreased to approximately 37.9% in FY2019.

The gross profit decreased from approximately US$1.6 million in HY2019 to approximately US$1.2 million in HY2020. The gross profit margin decreased from approximately 45.3% in HY2019 to 42.9% in HY2020.

(ii) Other income, operating expenses and finance costs

The Group reported other income of approximately US$69 thousand, US$41 thousand, US$2.3 million, US$7 thousand and US$73 thousand for FY2017, FY2018, FY2019, HY2019 and HY2020 respectively. Other income for HY2020 comprised mainly of government subsidy. The Group's other income for FY2019 was high primarily due to the one-off gain of approximately US$2.0 million on debt

restructuring arising from the share issuance and gain on disposal of asset held for sale of approximately US$0.2 million.

The Group's total operating expenses (comprising administrative expenses and distribution expenses) decreased from approximately US$8.0 million in FY2017 to approximately US$5.5 million in FY2018 and approximately US$4.2 million in FY2019. The decrease in operating expenses in FY2018 was mainly due to reductions in allowance for doubtful debts due to improved customer collection, employee remuneration, and general office costs which was partially offset by a one-off NauticAWT Performance Share Plan ("**PSP**") expense in FY2018. The decrease in operating expenses in FY2019 was mainly due to reductions in allowance for doubtful debts due to improved customer collection, employee and directors' remuneration, and an absence of one-off NauticAWT PSP expense, which was partially offset by an increase in professional costs and an impairment loss of property, plant and equipment. The Group's total operating expenses decreased from approximately US$1.7 million in HY2019 to approximately US$1.2 million in HY2020 due to decrease of staff cost, employee and directors' remuneration.

The Group's finance costs increased from approximately US$0.4 million in FY2017 to approximately US$0.6 million for each of FY2018 and FY2019 due to higher interest expenses arising from bank facilities and loans and convertible notes. The Group's finance costs decreased from approximately US$0.4 million in HY2019 to approximately US$0.1 million in HY2020 mainly due to significant reduction in outstanding interest bearing debts as compared to HY2019.

(iii) Loss making for HY2020, HY2019, FY2019, FY2018 and FY2017.

The Group has been loss making during the period reviewed but the loss has narrowed. The Group recorded loss after tax attributable to owners of the Company of approximately US$6.9 million, US$5.0 million, US$214 thousand, and US$167 thousand in FY2017, FY2018, FY2019, and HY2020 respectively.

(iv) Group's pro-forma consolidated statement of comprehensive income assuming completion of the Proposed Disposal

FY2019

The following table shows the Group's pro-forma consolidated statement of comprehensive income for FY2019 after assuming completion of the Proposed Disposal in the beginning of FY2019.

Figures in US$'000[1]	**Audited FY2019**	**Assuming completion of the Proposed Disposal**
Revenue	6,169	-
Cost of sales	(3,833)	(152)
Gross profit	2,336	(152)
Other income	2,292	2,184
Operating expenses[2]	(4,223)	(1,645)
Finance costs	(562)	(288)
(Loss)/Profit before tax	(157)	100
(Loss) /Profit from continuing operations	(157)	100
Discontinued operations		
Loss from discontinued operations	(57)	-
(Loss)/Profit after tax attributable to owners of the Company	(214)	100

Notes:

(1) Figures and computation presented in this section are subject to rounding.

(2) Operating expenses comprise administrative expenses and distribution expenses.

As shown in the table above, the Group's revenue for FY2019 was derived solely from the Sale Group. Assuming the Proposed Disposal was completed in the beginning of FY2019, the Group would not

generate any revenue for FY2019 but the Group would record consolidated Group's net profit after tax of approximately US$0.1 million.

HY2020

The following table shows the Group's pro-forma consolidated statement of comprehensive income for HY2020 after assuming completion of the Proposed Disposal in the beginning of HY2020.

Figures in US$'000[1]	Audited HY2020	Assuming completion of the Proposed Disposal
Revenue	2,780	-
Cost of sales	(1,588)	-
Gross profit	1,192	-
Other income	73	-
Operating expenses[2]	(1,212)	(327)
Finance costs	(130)	-
Share of loss of associate	(90)	(90)
(Loss) before tax	(167)	(418)
(Loss) from continuing operations	(167)	(418)
(Loss) after tax attributable to owners of the Company	(167)	(418)

Notes:

(1) Figures and computation presented in this section are subject to rounding.

(2) Operating expenses comprise administrative expenses and distribution expenses.

As shown in the table above, the Group's revenue for HY2020 was derived solely from the Sale Group. Assuming the Proposed Disposal was completed in the beginning of HY2020, the Group would not generate any revenue for HY2020 and the consolidated Group's net loss after tax would have increased from approximately US$0.2 million to approximately US$0.4 million.

(v) Assets and liabilities

As at 30 June 2020, the Group's total assets amounted to approximately US$11.5 million comprising non-current assets of approximately US$8.6 million and current assets of approximately US$3.0 million. The non-current assets as at 30 June 2020 consisted mainly of property, plant and equipment ("**PPE**") of approximately US$5.1 million, investment in an associate of approximately US$2.2 million and intangible assets of approximately US$1.2 million. The current assets as at 30 June 2020 comprised mainly cash and bank balances of approximately US$0.9 million, trade receivables of approximately US$0.7 million, other receivables of approximately US$1.0 million, contract assets of approximately US$51.3 thousand, and inventories of approximately US$0.4 million.

On the liabilities side, the Group recorded total liabilities of approximately US$9.5 million as at 30 June 2020 comprising current liabilities of approximately US$5.3 million and non-current liabilities of approximately US$4.1 million. The current liabilities as at 30 June 2020 consisted of trade payables of approximately US$0.8 million, other payables of approximately US$3.5 million, government grant received of approximately US$0.4 million, bank loans and advances of approximately US$0.5 million, contract liabilities of approximately US$69.9 thousand and lease liabilities of US$57.3 thousand respectively. The non-current liabilities as at 30 June 2020 consisted of bank loan and advances of approximately US$2.9 million, lease liabilities of US$1.4 thousand, and other payables of approximately US$1.2 million respectively.

It should be noted that the Group has been in the net current liabilities position since 31 December 2017 and such deficit has widened from approximately US$3.0 million as at 31 December 2017 to approximately US$4.6 million as at 31 December 2018, but reduced to approximately US$0.3 million as at 31 December 2019 mainly due to the settlement of convertible notes and debt restructuring and the repayment of bank loans. The Group's net current liabilities position has widen to approximately US$2.4 million as at 30 June 2020 due to (a) a decrease in cash and bank balances of approximately US$2.3 million (of which approximately US$1.5 million was used in investment in an associate and

balance was used for settlement of payables); and (b) a decrease in trade and other receivables of approximately US$0.8 million (of which approximately US$0.7 million due to transfer of deposit to investment in an associate under non-current assets).

As at 30 June 2020, cash and bank balances is approximately US$0.9 million, of which approximately US$0.6 million is restricted cash (pledge as security for banking facilities), and approximately US$0.3 million is bank overdraft. Therefore, the amount of cash and cash equivalents as at 30 June was negative US$32 thousand.

(vi) Capital base and debt burden

We wish to highlight that the shareholders' equity of the Group turned into deficit of approximately US$3.1 million as at 31 December 2018 in view of the losses incurred and, therefore, the Group's net gearing ratio and the ratio of total liabilities to shareholders' equity are negative and not meaningful for FY2018.

The shareholders' equity of the Group improved to a surplus position of approximately US$2.2 million as at 31 December 2019 following (a) allotment and issuance of 181,852,521 new Shares ("**Settlement Shares**") at an issue price of US$0.02675 per Settlement Share amounting to approximately US$4.9 million pursuant to the settlement and release agreements dated 24 September 2019 as part of the debt restructuring as announced by the Company on 10 July 2019 and 24 September 2019 and approved by the Shareholders on 19 November 2019 ("**Restructuring**"); and (b) allotment and issuance of 400,000,000 new Shares ("**Subscription Shares**") at an issue price of S$0.01125 per Subscription Share pursuant to the subscription agreement dated 10 July 2019 ("**Subscription Agreement**") entered into between the Company and Dr Chirasak Chiyachantana (the "**Subscription**").

The shareholders' equity of the Group declined from approximately US$2.2 million as at 31 December 2019 to approximately US$2.1 million as at 30 June 2020 mainly due to the loss incurred during HY2020.

Total borrowings of the Group has declined substantially from approximately US$8.5 million as at 31 December 2018 to approximately US$5.6 million as at 31 December 2019 and approximately US$5.4 million as at 30 June 2020 mainly due to the settlement of convertible notes and loans as part of the Restructuring and the repayment of bank loans in FY2019 and HY2020 respectively.

(vi) Group's pro-forma consolidated statement of financial position assuming completion of the Proposed Disposal

The following table shows the effects of the Proposed Disposal on the Group's financial position.

Figures in US'000[1]	Unaudited HY2020	After completion of the Proposed Disposal
Non-current assets	8,563	2,184
Current assets	2,977	93
Total assets	11,541	2,278
Non-current liabilities	4,118	-
Current liabilities	5,333	208
Total borrowings	5,363	-
Total liabilities	9,451	208
Shareholders' equity	2,089	2,069
Net tangible asset	867	2,069
Net current liabilities	(2,356)	(115)
Current ratio	0.6	0.4
Total borrowings/total equity (times)	2.6	n.a.[2]

Notes:

(1) Figures and computation presented in this section are provided by the Management and subjected to rounding. Only extracts of statements are provided.

(2) The ratio would not be applicable as the Company after completion of the Proposed Disposal will not have any borrowings.

After completion of the Proposed Disposal, the Group's NTA would increase to approximately US$2.1 million as at 30 June 2020 mainly due to removal of the net tangible liabilities. Total assets would decline significantly from approximately US$11.5 million to approximately US$2.3 million due to the exclusion of the Sale Group from the consolidation while total liabilities of the Group would also be reduced from approximately US$9.5 million as at 30 June 2020 to approximately US$0.2 million.

From the table above, the Group's net current liabilities position would be significantly improved and reduced to approximately US$0.1 million from approximately US$2.4 million as at 30 June 2020. However, the Group's current ratio would decrease from approximately 0.6 times to approximately 0.4 times after completion of the Proposed Disposal.

We note that as per the unaudited pro-forma financial statement prepared by the Management, following completion of the Proposed Disposal, the Group's total liabilities and total borrowings would be reduced from approximately US$9.5 million and US$5.4 million respectively as at 30 June 2020 to approximately US$0.2 million and Nil respectively. In addition, following completion of the Proposed Disposal, the shareholders' equity of the Group would decline slightly from approximately US$2.09 million as at 30 June 2020 to approximately US$2.07 million, on a pro-forma basis. The gearing ratio for the Group would be not applicable, on a pro-forma basis, as the Group will not have any borrowing after completion of the Proposed Disposal.

(vii) Breach of financial covenants

We note from the AR2019 that for FY2018 and FY2017, the Group breached its financial covenants with a bank as the Group did not fulfil the minimum tangible net worth requirements. The Group had received a waiver of the breach of loan covenants from the bank, which was effective till 31 August 2017. However, the Group did not receive any further waiver of the breach of covenants as at 31 December 2017 and 31 December 2018, and the bank has also not called upon the loans as at the date of the financial statements. Total bank loans owing to the bank amounting to US$ Nil (FY2018: US$205,197) have been classified as current in the financial statements as they are repayable on demand due to the breach of loan covenants. The amount has been repaid on 27 February 2019. The Directors confirmed and represented that save as disclosed in the AR2019, there have been no other instances of breach of financial covenants.

The Directors confirmed that to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the financial statements for the Group for FY2019 and HY2020, there has been no material changes to the assets and liabilities, financial position, condition and performance of the Group.

Material uncertainty related to going concern

We note that the Independent Auditor's Report dated 15 April 2020 on the Group's and Company's financial statements for FY2019 contained material uncertainty related to going concern. The following paragraphs as set out in italics below are extracted from the Independent Auditor's Report (page 44 of the AR2019) and Note 2(a) to the audited financial statements of the Group for FY2019. We recommend that Non-Interested Directors advise Independent Shareholders to read those sections of the AR2019 carefully:-

"Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial statements, which indicates that as at 31 December 2019, the Group's current liabilities exceeded its current assets by US$342,821 (2018 - US$4,624,661) and the Group recorded a loss of US$213,942 (2018 - US$4,983,375) for the financial year then ended. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter."

Note 2(a) to the Group's audited financial statements for FY2019 is reproduced in italics below.

"2(a) Basis of preparation

Material Uncertainty Related to Going Concern

As at 31 December 2019, the Group's current liabilities exceeded its current assets by US$342,821 (2018 - US$4,624,661) and the Group recorded a loss of US$213,942 (2018 - US$4,983,375) for the financial year then ended. The Group's current liabilities of US$6,369,255 (2018 - US$7,919,318) include bank loans and advances amounting to US$582,229 (2018 - US$697,956).

The cash flow projection for the next 12 months including the offsetting of any current liabilities from the reporting date prepared by management resulted in a positive net cash balance. The ability of the Group to continue as a going concern is dependent on the generation of sufficient revenue. The directors believe that the Group will have sufficient cash resources to satisfy its working capital requirements within the next 12 months after the financial year ended 31 December 2019 to enable it to continue operations and meet its liabilities as and when they fall due. Accordingly, the Group and Company continue to adopt the going concern basis in preparing its financial statements. These financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

The financial statements are drawn up in accordance with the provisions of the Act and SFRS(I) including related Interpretations promulgated by the Accounting Standards Council ("ASC") and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar which is the Company's functional currency. All financial information is presented in United States dollar, unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below."

We further note that the Board has stated its opinion on, *inter-alia,* going concern in the results announcements for HY2020, page 14:-

"*Working capital, net liability position and going concern assessment*

The Group reported a negative working capital of US$2.4 million as at 30 June 2020 as compared to US$0.3 million as at 31 December 2019. The Group is in a net assets position of US$2.1 million as at 30 June 2020 as compared US$2.2 million as at 31 December 2019.

As at the date of this announcement, the Board is of the opinion that the continuing use of the going concern assumption in the preparation of the financial information is appropriate on the following bases:

i. the Group has continuous support from the existing bankers; and

ii. the Group is able to generate sufficient cash flows from its operations based on internal budget and management's ability to secure new contracts from customers."

The Directors are of the opinion and believe that as at the Latest Practicable Date, the sufficiency of the Group's working capital for the next 12 months and the ability of the Group to continue as going concern will depend on, *inter-alia*, the successful completion of the Proposed Disposal as it would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure of the future losses.

Key audit matters

We note that the Independent Auditor's Report on the Group's and Company's financial statements for FY2019 contained key audit matters. The following paragraphs as set out in italics below are extracted from the Independent Auditor's Report (page 44 to 46 of the AR2019). We recommend that the Non-Interested Directors advise Independent Shareholders to read this section of the AR2019 carefully:-

*"**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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	***How our audit addressed the Key Audit Matter***
Revenue recognition	
The Group offers engineering and contracting services for field exploration, field development and field refurbishments including design life extensions and production enhancement for offshore and marine infrastructures. The duration of these projects may range from short-term to mid-term and some of the projects may cross over the financial year reporting period end (Notes 8 and 21). *Due to the nature and timing of the engineering services rendered by the Group, the Group has entered into fixed price contracts with customers for the provision of engineering design works, installation services (including mobilisation of equipment), engineering labour hours or delivery of materials. Subsequent changes to original contracts are supported by variation orders agreed with and acknowledged by customers.* *Contract revenue is recognised based on the stage of completion of the contract, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group becomes entitled to invoice customers for work performed based on achieving a series of performance related milestones.* *The stage of completion of the contracts are dependent upon the following key estimates or judgement areas:* *• total budgeted project costs, including total anticipated costs to complete the projects for projects outstanding at the end of the reporting period;* *• completeness of cost incurred for the projects to date;* *• changes to the budgeted costs as a result of*	*We evaluated the appropriateness of management's controls over the review and determination of the revenue to be recognised and the consequential contract assets.* *We agreed total contracted revenue to the original signed customer contracts and approved variation orders.* *We assessed the basis of revenue recognition for the Group's significant contracts and corresponding stage of completion by examining the assumptions behind estimated costs to complete, challenging the reasonableness of these in light of supporting evidence. We recomputed the stage of completion assessed by management based on the actual costs incurred for project life over total budgeted costs.* *We tested the actual cost incurred by agreeing to supplier invoices, engineer timesheets acknowledged by customers and other documentation and performed cut-off testing for project costs.* *The disclosure of the above significant estimates is provided in Note 2(d) to the financial statements, and further information related to the revenue are provided in Notes 21 and 34, respectively, to the financial statements*

variation orders with customers.

Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets

The property, plant and equipment ("PPE"), right-of-use assets and intangible assets are quantitatively significant items on the consolidated statement of financial position with a carrying amount as at 31 December 2019 of US$5,361,325 (2018 – US$7,299,905), US$117,345 (2018 – US$Nil) and US$1,124,332 (2018 – US$1,109,606), respectively (Note 3, Note 4 and Note 5).

The PPE primarily comprise of freehold land and building, and other equipment and machinery that supports the Group's operations. The right-of-use assets arise from lease of office premises. The intangible assets mainly pertain to capitalisation of costs for the development of proprietary material. The Group has recorded a loss of US$213,942 for the year ended 31 December 2019.

Management is required to carry out an impairment assessment of PPE, right-of-use assets and intangible assets where there are indicators of impairment. Where there are indicators of impairment, significant judgement and estimation is required in determining the recoverable amount of these PPE, right-of-use assets and intangible assets. The recoverable amount is the higher of fair value less cost to sell and value-in-use ("VIU").

The impairment assessment involved significant judgement and estimates such as growth rates, gross profit margin and discount rates to determine the VIU, which is higher than the fair value less cost to sell.

We evaluated the appropriateness of management's controls over the assessment of impairment of PPE, right of-use assets and intangible assets.

Where there are indicators of impairment, we assessed and evaluated the estimation of future cash flows, and challenged management's underlying assumptions, such as growth rates, gross profit margin and discount rates used in estimating and discounting the future cash flow projections by benchmarking against historical data/trend, market outlook and our knowledge of the business operations.

We performed a comparison of the estimation of future cash flow projections in the previous year to the actual cash flow achieved to support the reliability and reasonableness of management's assumptions and estimates used in the future cash flow projections in the prior year.

The disclosure of the above significant estimates is provided in Note 2(d) to the financial statements, and further information related to the PPE, right-of-use assets and intangible assets are provided in Notes 3, 4 and 5, respectively, to the financial statements.

Outlook

In the Group's results announcement for HY2020, the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:-

"The current business environment remains challenging, especially in our core business and industry.

The Group has been considering and exploring various options rationalising its current business as well as stay focused in pursuing new revenue streams and opportunities for a more sustainable and viable businesses."

5.2.2 Financial performance and position of the Sale Group

The following are extracts of the pro-forma unaudited consolidated financial statements of the Sale Group for HY2020, HY2019, FY2019, FY2018 and FY2017.

Summary of pro-forma consolidated income statements

Figures in US$'000[1]	Unaudited HY2020	Unaudited HY2019	Unaudited FY2019	Unaudited FY2018	Unaudited FY2017
Revenue	2,780	3,546	6,169	7,566	8,719
Cost of sales	(1,588)	(1,862)	(3,681)	(2,983)	(4,319)
Gross profit	1,192	1,684	2,487	4,583	4,400
Other income	73	-[2]	108	-[2]	58
Administrative expenses	(748)	(376)	(2,271)	(5,725)	(10,847)
Distribution expenses	(136)	(150)	(360)	(483)	(206)
Finance costs	(130)	(143)	(279)	(419)	(484)
Profit/(Loss) before tax	251	1,015	(314)	(2,044)	(7,079)
Profit/(Loss) after tax	251	1,015	(314)	(1,999)	(7,187)

Summary of pro-forma consolidated statements of financial position

Figures in US$'000[1]	Unaudited HY2020	Unaudited FY2019	Unaudited FY2018	Unaudited FY2017
Non-current assets	6,379	6,603	6,864	7,813
Current assets	2,884	2,763	12,111	10,366
Non-current liabilities	4,118	4,048	3,150	3,497
Current liabilities	5,125	5,593	18,088	15,251
Total borrowings[3]	5,363	5,560	4,142	4,374
Shareholders' equity	20	(274)	(2,263)	(570)
Net current liabilities	(2,241)	(2,830)	(5,977)	(4,885)
Gearing ratio	269.3	negative	negative	negative

Notes:

(1) Figures presented in this section are provided by the Management and subject to rounding.

(2) Figures are less than US$1,000

(3) Total borrowings include liabilities for trade bills discounted with recourse, bank loan and advances, finance leases, loan from directors and convertible notes and loans as well as loans from third parties and employees (which are unsecured, interest bearing loans and recorded under other payables).

We note the following:-

(i) The Sale Group's revenue decreased significantly from approximately US$8.8 million in FY2017 to approximately US$7.6 million and US$6.2 million in FY2018 and FY2019 respectively. The decrease in revenue for FY2018 was mainly due to a decrease of approximately US$2.0 million in revenue contribution from the Ports and Offshore segment, which was partially offset by an increase of approximately US$0.3 million in revenue contribution from each of the Renewables segment and Energy and Mining segment. The decrease in revenue for FY2019 was mainly due to a decrease of approximately US$1.4 million in revenue contribution from the Ports and Offshore segment and a decrease of approximately US$0.3 million in revenue from the Energy and Mining segment, which was partially offset by an increase of approximately US$0.2 million in revenue contribution from the Renewables segment. The Sale Group's revenue decreased from approximately US$3.5 million in HY2019 to US$2.8 million in HY2020, mainly due to lower revenue contribution by the Ports and Offshore segment of approximately US$1.4 million as a result of lesser on-going projects during HY2020, which partially offset by higher Renewable segment of approximately US$0.6 million.

(ii) The Sale Group's gross profit increased from approximately US$4.4 million in FY2017 to approximately US$4.6 million in FY2018 but decreased to approximately US$2.5 million in

FY2019. The significant decrease in gross profit in FY2019 was mainly due to the rising direct project costs in FY2019. The Sale Group's gross profit margin improved from approximately 50.5% in FY2017 to approximately 60.6% in FY2018 but subsequently reduced to approximately 40.3% in FY2019. The gross profit decreased from approximately US$1.6 million in HY2019 to approximately US$1.2 million in HY2020. The gross profit margin decreased from approximately 47.5% in HY2019 to 42.9% in HY2020.

(iii) The Sale Group reported other income of approximately US$58 thousand, US$108 thousand, and US$73 thousand for FY2017, FY2019, and HY2020 respectively. The Sale Group's other income were negligible (less than S$1 thousand) for FY2018 and HY2019. Other income for HY2020 comprised mainly of government subsidy while other income for FY2019 comprised mainly gain on fair value of payables pursuant to the Restructuring. The increase in other income in HY2020 as compared to HY2019 was due to higher government subsidy.

(iv) The Sale Group's total operating expenses (comprising administrative expenses and distribution expenses) decreased from approximately US$11.1 million in FY2017 to approximately US$6.2 million in FY2018 and approximately US$2.6 million in FY2019 mainly due to reduction in allowance for doubtful debts and staff costs (lower headcount). The Sale Group's total operating expenses increased from approximately US$0.5 million in HY2019 to US$0.9 million in HY2020 due to increase of staff cost as a result of the Restructuring.

(v) The Sale Group's finance costs decreased from approximately US$0.5 million in FY2017 to approximately US$0.4 million and US$0.3 million in FY2018 and FY2019 respectively. The decrease is mainly due to lower interest expenses arising from bank facilities and loans and convertible notes. The Sale Group's finance costs decreased from approximately US$143 thousand in HY2019 to approximately US$130 thousand in HY2020 mainly due to reduction in outstanding interest bearing debts as compared to HY2019.

(vi) The Sale Group recorded loss after tax of approximately US$7.1 million, US$2.0 million, and US$0.3 million in FY2017, FY2018 and FY2019 respectively. However, the Sale Group recorded profit after tax of approximately US$0.3 million in HY2020 in view of the further massive cost cutting measures relating to staff costs and the government subsidies and financial assistance received during this period.

(vii) The Sale Group's net current liabilities position widened from approximately US$4.9 million as at 31 December 2017 to approximately US$6.0 million as at 31 December 2018. Subsequently, the Sale Group's net current liabilities position reduced to approximately US$2.8 million as at 31 December 2019 mainly attributable to transfer and/or restructure the current portion of payables to non-current liabilities and equity. The Sale Group's net current liabilities position continued to reduce to approximately US$2.2 million as at 30 June 2020 mainly attributable to repayment of other payables, loan from others and bank as well as lease liabilities.

(viii) Current liabilities of the Sale Group of approximately US$5.1 million as at 30 June 2020, comprises mainly of trade payables of approximately US$0.8 million, other payables of approximately US$2.6 million, grant received in advance of approximately US$0.4 million, bank loans and advances of approximately US$0.5 million, loan from others of approximately US$0.7 million, contract liability of approximately US$70 thousand and lease liabilities of US$57 thousand.

(ix) The shareholders' equity of the Sale Group improved from a deficit position approximately negative US$2.3 million as at 31 December 2018 to positive position approximately S$20 thousand as at 30 June 2020 due to, *inter-alia,* the capitalisation of approximately S$3.65 million of the total outstanding intercompany debt due payable from NGPL to the Company, and the profit generated during HY2020.

(x) The Sale Group's total borrowings had decreased from approximately US$4.4 million as at 31 December 2017 to approximately US$4.1 million as at 31 December 2018 mainly due to the repayment of bank loan and advances. The Sale Group's total borrowings increased to approximately US$5.5 million as at 31 December 2019 due to novation of loan and liabilities

from the Company to NGPL pursuant to the Restructuring. The Sale Group's total borrowings as at 30 June 2020 comprised bank loan and advances of approximately US$3.4 million, lease liability of approximately US$58 thousand and loan from third parties and employees of approximately US$1.9 million.

The Sale Group's gearing ratio stood highly at 269.3 times as at 30 June 2020.

The Directors confirmed that to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the pro-forma financial statements for the Sale Group for FY2019 and HY2020, there has been no material changes to the assets and liabilities, financial position, condition and performance of the Sale Group.

5.3 NAV and NTA of the Sale Group

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company or group in their existing condition, after deducting the sum of all liabilities and minorities' interests of the company or group. The NAV based approach is meaningful as 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 or group 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 land use rights, goodwill, trademarks and brand names) over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, non-controlling 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 consideration nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values for which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company or group in their existing condition, after deducting the sum of all liabilities, non-controlling interests and intangible assets of the company or the group. The NTA based approach is meaningful as it shows the extent for which the value of each share is backed by tangible 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 NTA based approach in valuing a company or group may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (excluding any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names) over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, non-controlling interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NTA approach does not take into account or consideration the presence of any intangible or non-tangible assets, *inter-alia*, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values for which assets may actually be realised or disposed of.

<u>NAV and NTA analysis for the Sale Group</u>

In assessing the Purchase Consideration for the Sale Shares pursuant to the Proposed Disposal in relation to the NAV and NTA per Share of the Sale Group as at 30 June 2020, we have reviewed the unaudited statements (or unaudited pro-forma statements, where applicable) of financial position of the Sale Group as at 30 June 2020 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited statements (or unaudited pro-forma statements, where applicable) of financial position of the Sale Group as at 30 June 2020 and in the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited statements (or unaudited pro-forma statements, where applicable) of financial position of the Sale Group as at 30 June 2020 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Sale Group as at Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the Sale Group as at 30 June 2020, save as disclosed in the unaudited statements (or unaudited pro-forma statements, where applicable) of financial position of the Sale Group as at 30 June 2020 as well as the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular and this IFA Letter, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial position or condition of the Sale Group as disclosed and reflected in the unaudited statements (or unaudited pro-forma statements, where applicable) of financial position of the Sale Group as at 30 June 2020 are true and fair. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information

is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

NAV and NTA of the Sale Group	
Consolidated unaudited pro-forma balance sheet of the Sale Group as at 30 June 2020[(1)]	**US$'000**
Non-current assets	
Property, plant and equipment	5,101
Right of use assets	56
Intangible assets	1,222
	6,379
Current assets	
Cash and cash equivalents	721
Trade receivables	708
Contract assets	51
Interco balances	181
Other receivables	857
Inventories	366
	2,884
Non-current liabilities	
Long-term bank loan	2,914
Other payables (Loan from others & Accruals)	1,202
Lease liabilities	1
	4,118
Current liabilities	
Trade payables	819
Other payables	2,636
Contract liabilities	70
Grant received in advance	355
Bank loan and advances	490
Loan from others	698
Lease liabilities	57
	5,125
NAV including non-controlling interest of the Sale Group as at 30 June 2020	**20**
Less: Non-controlling interest	**-**
NAV attributable to owners of the Sale Group as at 30 June 2020	**20**
Less: Intangible assets	**(1,222)**
Net tangible liability ("**NTL**") of Sale Group as at 30 June 2020	**(1,202)**
Purchase Consideration	**214**
Premium of the Purchase Consideration over the NAV of the Sale Group (%)	**976.4%**
Premium/(discount) of the Purchase Consideration over/(from) the NTL of the Sale Group (%)	**n.m**

Notes:

(1) Based on the Sale Group's pro-forma unaudited financial statements for HY2020 as prepared by the Management. The figures and computations in the above table are subject to rounding.

From the above table, we note that the NAV of the Sale Group was approximately US$20 thousand as at 30 June 2020.

The Purchase Consideration for Sale Group was determined by the Purchaser and the Company based on a willing-buyer, willing-seller basis taking into consideration, *inter-alia*, the market value of the Sale Shares based on the valuation and the various factors as set out in Sections 4.1 to 4.6 of the Circular. We note that the Purchase Consideration is less than the Sale Group's profit after tax attributable to owners of the Sale Group of approximately US$251 thousand for HY2020 (which is mainly due to the further massive cost cutting measures relating to staff costs, government subsidies and financial assistance received during this period.

For illustrative purpose only, the Purchase Consideration of US$214,345 represents a premium of approximately 976.4% from the NAV for the Sale Group. We note the significant premium of 976.4% is due to the Sale Group's low NAV of approximately US$20 thousand which is in turn largely attributable to the accumulated losses during FY2017 to FY2019. Please refer to Section 5.2.2 of this IFA Letter for further information on the Sale Group.

The Sale Group was in a NTL position as at 30 June 2020. Accordingly, the comparison between the Purchase Consideration and the Sale Group's NTL is negative and not meaningful. Furthermore, we have also considered the fact that the Sale Group is in a net current liability position of approximately US$2.2 million with net asset value of approximately US$20 thousand as at 30 June 2020, and negative cash and cash equivalents (after taking into accounts the restrictions placed on cash pledged as security for banking facilities and overdrafts as confirmed by the Company).

We note that the Purchase Consideration is favourable, after taking into account the Sale Group's NTL and/or the Sale Group's NAV of approximately US$20 thousand as at 30 June 2020.

In our evaluation of the Purchase Consideration, we have considered whether:

(i) there are any material events that may have an impact on the pro-forma unaudited balance sheet of the Sale Group from 30 June 2020 to the Latest Practicable Date to determine whether adjustments need to be made to the NAV and/or NTL as at 30 June 2020. In this respect, the Directors have confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, save as disclosed in the unaudited pro-forma financial statements of the Sale Group as at 30 June 2020, the announcements released by the Company on SGX-NET, the Circular and this IFA Letter, there have been no known material events since 30 June 2020 to the Latest Practicable Date that have or will have a material impact to the unaudited pro-forma statement of financial position of the Sale Group as at 30 June 2020;

(ii) there are any tangible assets which should be valued at an amount that is materially different from that which is recorded in the unaudited pro-forma statement of financial position of the Sale Group as at 30 June 2020. The Directors have confirmed that to the best of their knowledge, as at the Latest Practicable Date, there are no material differences between the estimated market value of the remaining assets and liabilities of the Sale Group and their respective book values as at 30 June 2020.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Sale Group is as stated above. It also does not imply that the assets or properties of the Sale Group can be disposed of at the estimated values indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated for the NAV or NTA is realisable or distributable to the shareholders of the Sale Group.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Group decides to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Sale Group on a non-going concern basis nor can it capture or illustrate any value for the Sale Group's intangible assets, *inter-alia*, goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

5.4 Market value of 100% equity interest in the Sale Group

The Company had also appointed the Valuer to conduct a business valuation of the 100% equity interest in the capital of the Sale Group. We recommend that Non-Interested Directors advise Shareholders to note and review carefully the contents of the Valuation Report (which is made available for inspection) and the summary of the Valuation Report (which is set out as Appendix C of the Circular) in its entirety including the assumptions made and the basis for assumptions.

Based on the Valuation Report, the market value ("**Market Value**") of the 100% equity interest in the capital of Sale Group as at 30 June 2020, subject to the assumptions stated therein, is in the region of US$0.26 million ("**Lower Band**") to US$0.73 million ("**Upper Band**"). The said valuation is based primarily on the income approach.

We note that the Purchase Consideration is lower than the Lower Band of the Market Value. As stated in Section 6 of the Circular, the Board had agreed to the Purchase Consideration due to the following factors:

"(a) *the Board has considered other potential risks such as the current global condition due to Covid-19, the challenging market conditions and fluctuation of oil prices, loss of manpower, and additional funding requirements, including but not limited to additional capital expenditure, which may affect the performance of Sale Group;*

(b) there is no assurance that the Sale Group will be able to achieve the valuation especially in a highly volatile oil and gas market with the historical losses and downward revenue trend. Additionally, the Sale Group has a net current liability of approximately USD2.2 million and net asset value of USD19,913 as of 1H2020, as well as limited available cash due to the restrictions placed on cash pledged as security towards the loan extended by the bank; and

(c) any adverse changes to any of the above factors or risks will adversely impact the performance of the Sale Group, thus resulting in new additional funding required to support and sustain the business."

The Valuer has considered 3 valuation approaches namely Cost Approach, Income Approach and Market Approach and has adopted the Income Approach as the primary approach with the Market Approach as reference. The Cost Approach is not adopted because it does not directly incorporate information about the future economic benefits contributed by the subject asset, business or business interest.

The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the business of the Sale Group's operations had been established for many years, the Valuer considered the use of Income Approach as the primary approach to be appropriate. Under Market Approach, the Valuer have considered enterprise value to sales ("**EV/S**") and enterprise value to earnings before interest, taxation, depreciation and amortisation (or EV/EBITDA) multiple in the valuation. Based on the Valuer's analysis, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the Sale Group is not at its normalised stage and thus Market Approach is used as reference.

Accordingly, the Valuer has relied solely on Income Approach in assessing the equity value of the Sale Group with Market Approach as a reference.

In preparing their assessment, the Valuer has made the following key assumptions:-

(i) The financial information provided accurately reflects the Sale Group's financial and operating position and performance.

(ii) The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.

(iii) The Management has provided the Valuer with the financial projections from the financial year ended 30 June ("**FFYE**") 2021 to FFYE2025 and concurred with assumptions used in the financial projections from FFYE2026 to FFYE2030. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.

(iv) The Sale Group shall continue to operate as a going concern and they have sufficient liquidity to achieve the financial forecasts and projections.

(v) There will not be any material changes in the political and/or economic conditions under which the Sale Group operates that may adversely affect the future prospects of the Sale Group.

(vi) There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Sale Group.

(vii) The current owners of the Sale Group have clear and unencumbered title of ownership over all assets included in this assessment.

(viii) There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Sale Group's countries of operations.

(ix) There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.

(x) There will be no material changes in the bases or rates of taxation or duties as at the Valuation Date.

(xi) The Sale Group's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

The Directors have confirmed that they have reviewed the Valuation Report to, *inter-alia,* understand the assumptions, methodology used in arriving at the market value of 100% equity interest in the Sale Group. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions and methodology used in the Valuation Report are reasonable and appropriate.

We have not made any independent evaluation or appraisal of the 100% equity interest in the Sale Group but have relied on the Valuation Report issued by the Valuer, as well as confirmation and representation by the Directors and Management in respect of market value of the 100% equity interest in the Sale Group.

Market Value of 100% equity interest in the Sale Group[(1)]	
Lower Band of Market Value (US$' million)	0.26
Upper Band of Market Value (US$' million)	0.73
	-
Purchase Consideration (US$)	214,345
Discount of Purchase Consideration from Lower Band of Market Value of the Sale Group (%)	(17.6%)
Discount of Purchase Consideration from Upper Band of Market Value of the Sale Group (%)	(70.6%)

Notes:

(1) Based on the Valuation Report.

For illustrative purpose only, the Purchase Consideration represents a discount of approximately 17.6% from the Lower Band of Market Value and approximately 70.6% from the Upper Band of Market Value. We also note that the Lower Band of the Market Value is relatively similar to the profit attributable to owners of the Sale Group of approximately US$251 thousand for HY2020.

The Directors have confirmed that to their best knowledge and belief, as at the Latest Practicable Date, there are no material changes that would affect the Market Value of 100% equity interest in the Sale Group as ascribed by the Valuer as at the Valuation Date, being 30 June 2020.

In assessing the Market Value ascribed by the Valuer, Independent Shareholders should note the following limiting condition, *inter-alia* which has been confirmed by Directors and Management:-

(i) The Sale Group's existing and past contracts are short-term in nature and the existing contracts can only support the forecasted revenue for the next twelve months from the Valuation Date. There is no assurance and certainty that the Sale Group will be able to secure contracts in the future and sustain the forecasted revenue after twelve months from the Valuation Date, given, *inter-alia*, the size of the Sale Group, industry outlook, competition, and the Sale Group's financial position, gearing and need for financing.

(ii) The Market Value is based on the assumptions, *inter-alia,* that the Sale Group shall be able to continue to operate as a going concern and they have sufficient liquidity to achieve the financial forecasts and projections for the forecasted periods. This should be considered in the context of:-

- The material uncertainty highlighted by the Independent Auditors relating to going concern in the Group's audited financial statements for FY2019 and the fact that the Group's revenue for FY2019 and HY2020 were derived solely from the Sale Group and the Sale Group's total assets accounted for approximately 80.3% of the Group's total assets as at 30 June 2020.

- The Sale Group was in net current liabilities position of approximately US$2.2 million with minimal shareholders' equity of approximately US$20 thousand as at 30 June 2020. There is a need to refinance certain of the Sale Group's loans or seek further capital injection.

- Following completion of the Proposed Disposal, the Sale Group will no longer be part of a listed company and therefore, its ability to raise funds from equity capital market and debt capital market may be further limited.

- The Sale Group's weak financial performance (with declining revenues and consecutive years of losses for FY2017 to FY2019) and financial position (with net current liabilities position of approximately US$2.2 million and minimal shareholders' equity of approximately US$20 thousand as at 30 June 2020) may make it extremely difficult for the Sale Group to seek any meaningful amount of external borrowing and/or refinancing

from financial institutions or funds from investor. The Sale Group's assets are already encumbered.

- There is no assurance, given the Sale Group's weak financial performance for FY2017 to FY 2019, that the Sale Group can achieve the forecasted revenues for FFYE 2021 to FFYE2025 or for that matter FFYE2026 to FFYE2030. Further the assumptions for *inter-alia* revenues and margins (including the time taken to normalise performance and the levels of revenues and margins) are key factors for the valuation and there is no certainty that such can be achieved.

- There is no assurance, given the Sale Group's weak financial position and the low amount of equity as at 30 June 2020, that the Sale Group can raise further financing for its refinancing of certain current and non-current liabilities or that such financing can be effected, at the rates assumed for the Valuation Report.

- The sensitivity of the valuation of the Sale Group to terminal values (which constitute approximately 50.4% to 55.3% of the valuation of the EV for Sale Group), and its assumptions being *inter-alia* growth and discount rates. As an illustration, the difference in the equity values of the Sale Group based on growth rates of 2.5% and 1.5% (and at an assumed discount rate of 10.3%) is approximately US$248 thousand (more than the Purchase Consideration). Similarly, the difference in the equity values of the Sale Group based on discount rates of 10.3% and 10.8% (and at a growth rate of 2.5%) is approximately US$255 thousand (more than the Purchase Consideration).

As stated in the summary of the Valuation Report, the Market Value is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. It may not have considered the particular circumstances facing the Company and/or the Group and/or the Sale Group, *inter-alia,* on ability to continue on a going concern basis and ability to ensure sufficient liquidity to achieve the financial forecasts and projections.

Lastly, the discount of the Purchase Consideration from the Market Value should be viewed in the context of the following:-

(i) Company's view that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future, due to moderating oil prices and flattening demand for oil in the long term, as well as plans to rationalise and divest its non-performing businesses in this industry.

(ii) Weak financial performance and position of the Sale Group (in particular, the losses incurred during the period under review being FY2017, FY2018, and FY2019, with LTM ended 30 June 2020 losses, and the net current liabilities position of approximately US$2.2 million as at 30 June 2020). In particular, the Sale Group's low NAV as at 30 June 2020 was attributable to the accumulated losses which was the result of losses registered, and which was off-set by the net profits generated by the Sale Group of approximately US$251 thousand for HY2020 from *inter-alia* further cost control.

(iii) Company's confirmation that parties who have participated in the recent Restructuring, and creditors (*inter-alia,* employees and former directors of the Group) have agreed, *inter-alia*, to novate monies due and outstanding from the Company to NGPL. The creditors have also agreed to defer the instalment payments. Such creditors included the Group's employees and former directors. As such, the continual viability of the Sale Group would also be in the interest of the creditors and employees of the Group who had consented to the Restructuring as a pre-condition to the injection of fresh capital into the Company from the Subscription. The Company believes that the Purchaser is a suitable candidate to assume ownership of the Sale Group as he is familiar with its businesses and operations, and the industry in which it operates.

(iv) Company's approaches to its business associates to explore the possibility and potential terms of selling the Sale Shares to such parties (including the Purchaser). However, there was a lack

of interest and no meaningful discussions were able to take place with such parties save for the Purchaser, due to *inter-alia* the Sale Group's historical losses, net current liability position, short term and long term capital expenditure requirements, and the general pessimistic outlook of the industry in which the Sale Group operates. The only offer made for the Sale Group for cash is from the Purchaser.

(v) Directors' confirmation that whilst significant efforts have been made by Directors and Management to obtain alternative offers for the Sale Group, they are not aware of any alternative offers for the Sale Group available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Proposed Disposal.

(vi) Material uncertainty related to going concern highlighted by, *inter-alia*, the Independent Auditor in the AR2019, and the Board's view that the Group's that the Proposed Disposal would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure of the future losses. The revenue of the Sale Group (specifically the Group's existing core business) has remained stagnant and has not improved despite the Company's hopeful outlook as stated in the Company's financial results for the half year ended 30 June 2019 and the annual report for FY2019 announced on 14 August 2019 and 15 April 2020 respectively. Given the past historical losses, decrease in revenue since 2017, recent revenue performance in HY2020 and the renewed industry and business outlook, the Board is of the view that the Proposed Disposal would allow the Company to focus its resources on exploring other opportunities.

(vii) The factors mentioned earlier that the Board had reviewed in arriving at the Purchase Consideration.

(viii) Directors' representation that the Purchase Consideration was arrived at after having considered some other potential risks such as current global condition due to Covid-19, challenging market conditions and fluctuation of oil prices, loss of manpower, additional funding requirement including but not limited to additional capital expenditure that may affect the performance of Sale Group. There is no assurance that the Sale Group is able to achieve the valuation especially in a highly volatile oil and gas market with the historical losses and downward revenue trend. Additionally, the Sale Group has a net current liability of approximately US$2.2 million and net asset value of approximately US$20 thousand as of HY2020 as well as limited available cash due to the restricted cash pledged as a security towards the loan extended by the bank. Any adverse changes to any of the above factors or risks will impact the performance of the Sale Group, and may result in requirements for new additional funding to support and sustain the business.

(ix) We note that as announced on 16 October 2020, subsequent to the completion of the disposal, the Purchaser plans to focus in generating cash from the operating activities and or further bank financing to settle the short term liabilities of NGPL in particular to those Restructuring creditors which included employees and former directors. This we note may be challenging given the financial performance and position of the Sale Group, and in particular the high gearing levels of the Sale Group and relative lack of tangible assets as security for pledging to lenders. We note that as at 30 June 2020, the Sale Group had borrowings of approximately US$5.4 million with tangible non-current assets and current assets of approximately US$5.2 million and US$2.9 million respectively (or in aggregate approximately US$8.0 million). There is no assurance that such future financing, *inter-alia,* for needs for working capital in the future can be obtained.

5.5 Relative valuation analysis

In assessing the Purchase Consideration, we have considered the financial performance, financial position of selected listed companies ("**Selected Comparable Companies**") that may, in our view, be broadly comparable to the core businesses of the Sale Group as at the Latest Practicable Date, which is in the provision of marine and offshore structural engineering services.

The Selected Comparable Companies have been identified after a search was carried out on the SGX-ST, and evaluation of the companies operating in the same industry as the Sale Group. We have had discussions with the Directors and Management on the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Sale Group. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. Shareholders should note that the Selected Comparable Companies may not be directly comparable to the Sale Group in terms of composition of business activities, scale of operations, types of contracts, clientele base, risk profile, geographical spread of activities and assets, track record, future prospects, and other relevant criteria. Comparisons may also be affected, *inter-alia*, by differences in their accounting policies.

We advise Non-Interested Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Sale Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the businesses of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of their shares and the demand/supply conditions for these shares and that of the Sale Group may differ. In addition, despite the fact that the Sale Group is a subsidiary of a listed Company, the shares are not listed. 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 market valuation (as the case may be) of the Sale Group as at the Latest Practicable Date.

Non-Interested Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter-alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

Selected Comparable Companies	Market Capitalisation (S$' million)	Principal Activities
Civmec Limited ("**Civmec**") *Listed on the SGX-ST*	200.4	The group is principally engaged in provision of a range of in-house complementary heavy construction and engineering services to the oil and gas, metals and minerals, infrastructure and defence markets.
Mermaid Maritime Public Company Limited ("**Mermaid**") *Listed on the SGX-ST*	84.8	The group is engaged in the drilling and sub-sea engineering services for the oil and gas industry.
IEV Holdings Limited ("**IEV**")(*Listed on the SGX-ST*	17.3	The group is principally engaged in specialized technologies and turnkey services to construct, repair, maintain, rejuvenate and remove offshore oil and gas production facilities in the offshore engineering segment.

The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies:-

Selected Comparable Companies	LTM ROE (1) (%)	LTM net profit margin (2) (%)	LTM asset turnover(3) (times)	Total liabilities(4)/ shareholder equity (times)	Total borrowings(6)/ shareholder equity(5) (times)
Civmec	6.7	4.5	0.7	1.3	0.4
Mermaid	n.m.(7)	n.m.(7)	0.3	0.3	0.2
IEV	n.m.(8)	n.m.(8)	0.3	1.8	1.2
MAXIMUM	6.7	4.5	**0.7**	**1.8**	**1.2**
MINIMUM	6.7	4.5	**0.3**	**0.3**	**0.2**
MEDIAN	**6.7**	4.5	**0.3**	**1.3**	**0.4**
SIMPLE AVERAGE	**6.7**	4.5	**0.4**	**1.2**	**0.6**
The Sale Group	**n.m.(9)**	**n.m.(9)**	**0.6**	**464.2**	**269.3**

***Source**: The latest annual reports and the announced unaudited financial statements of the respective companies.*

Notes:

*(1) The last twelve months ("**LTM**") return on equity ("**ROE**") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.*

(2) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.

(3) LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.

(4) Total liabilities include, inter-alia, all the liabilities of the respective companies but exclude contingent liabilities, if any.

(5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.

(6) Total borrowings include, inter-alia, all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, lease liabilities, where applicable.

(7) Mermaid incurred a loss after tax attributable to equity holders for LTM ended 30 June 2020. Hence, Mermaid's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

(8) IEV incurred a loss after tax attributable to equity holders for LTM ended 30 June 2020. Hence, IEV's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

(9) The Sale Group incurred a loss after tax attributable to owner of NGPL for the LTM ended 30 June 2020. Hence, the Sale Group's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

For illustrative purposes only, we note the following:-

(i) The Sale Group incurred net loss after tax of approximately US$1.1 million for the LTM ended 30 June 2020. Accordingly, the Sale Group's LTM ROE and LTM net profit margin are negative and not meaningful. Among the Selected Comparable Companies, only Civmec was profitable for the period under review with positive LTM ROE and LTM net profit margin.

(ii) The Sale Group's LTM asset turnover is within the range, higher than both the median and simple average for the Selected Comparable Companies.

(iii) The Sale Group's ratios for total liabilities to shareholders' equity and total borrowings to shareholders' equity are significantly higher than any of the Selected Comparable Companies We note that the bulk of the bank borrowings of the Group is conducted at the Sale Group level and are secured by assets of the Sale Group.

In summary, the Sale Group's historical financial performance in terms of LTM ROE and LTM net profit margin are negative and not meaningful and this is in line with most of the Selected Comparable Companies (save for Civmec which was profitable). The Sale Group's asset turnover appears to be more favourable as compared to the median and simple average for the Selected Comparable Companies and still within the range of the Selected Comparable Companies. The Sale Group's financial position in terms of the total borrowings to shareholder's equity ratio and total liabilities to shareholders' equity ratio appear to be generally less favourable than any of the Selected Comparable Companies.

The weaker financial position of the Sale Group is mainly due to (a) most if not all borrowings of the Group being primarily recorded at the Sale Group level and secured by the assets of the Sale Group; and (b) the Sale Group's low NAV as at 30 June 2020 was attributable to the accumulated losses which was the result of losses registered for FY2017 to FY2019.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Sale Group are based on the Purchase Consideration. All the valuation statistics of the Selected Comparable Companies are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements. We note that shares of the Sale Group are not listed and we have relied on figures and disclosures provided to us by the Management and confirmed by the Directors.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Sale Group and should be evaluated in the context of their relative financial performance.

Selected Comparable Companies	Market capitalisation (S$' m)	LTM EV/ EBITDA[(1)] (times)	LTM PER[(2)] (times)	P/NAV[(3)] (times)	P/NTA[(4)] (times)	Premium/ (discount) over/from NAV (%)
Civmec	200.4	7.7	11.6	0.8	0.8	(22.3)
Mermaid	84.8	n.m.[(5)]	n.m.[(5)]	0.2	0.2	(76.5)
IEV	17.3	n.m.[(6)]	n.m.[(6)]	4.9	4.9	387.2
MAXIMUM	**200.4**	**7.7**	**11.6**	**4.9**	**4.9**	**387.2**
MINIMUM	**17.3**	**7.7**	**11.6**	**0.2**	**0.2**	**(76.5)**
MEDIAN	**84.8**	**7.7**	**11.6**	**0.8**	**0.8**	**(22.3)**
SIMPLE AVERAGE	**100.8**	**7.7**	**11.6**	**2.0**	**2.0**	**96.2**
The Sale Group	**0.3**	**n.m.[(7)]**	**n.m.[(7)]**	**10.8[(8)]**	**n.m.[(11)]**	**976.4**
				0.8[(9)]		**(17.6)**
				0.3[(10)]		**(70.6)**

Notes:

(1) The LTM EV/EBITDA ratios for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The LTM EBITDA for Mermaid and IEV are based on the most recent twelve months period ended 30 June 2020. The LTM EBITDA for Civmec is based on the financial year ended 30 June 2020.

(2) The LTM PER for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Mermaid and IEV are based on the most recent twelve months period ended 30 June 2020. The earnings after tax for Civmec is based on the financial year ended 30 June 2020.

(3) The P/NAV for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements

(4) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements.

(5) Mermaid incurred a loss after tax attributable to equity holders and registered negative EBITDA for the LTM ended 30 June 2020. Hence, Mermaid's LTM EV/EBITDA and LTM PER are negative and not meaningful.

(6) IEV incurred a loss after tax attributable to equity holders and registered negative EBITDA for the LTM ended 30 June 2020. Hence, IEV's EV/EBITDA and PER are negative and not meaningful.

(7) The Sale Group incurred a loss after tax attributable to owner of NGPL and registered negative EBITDA for the LTM ended 30 June 2020. Hence, the Sale Group's EV/EBITDA and PER are negative and not meaningful.

(8) Based on Purchase Consideration and NAV as at 30 June 2020.

(9) Based on Purchase Consideration and Lower Band of Market Value as at 30 June 2020.

(10) Based on Purchase Consideration and Upper Band of Market Value as at 30 June 2020.

(11) The Sale Group is in a NTL position as at 30 June 2020, thus comparison is not meaningful.

For illustrative purposes only, we note the following:-

(i) The market capitalisation of the Sale Group (as implied by the Purchase Consideration) is lower than any of the Selected Comparable Companies. As mentioned in Section 5.4 of this IFA Letter, the Purchase Consideration is lower than the Lower Band of the Market Value ascribed by the Valuer. We note that the trading statistics for companies with higher capitalisation may be different than those with lower market capitalisation and this may be attributable to relative liquidity in terms of number or value of shares traded as well as relative interest in shares of companies with larger market capitalisations.

(ii) The valuation of the Sale Group in terms of LTM EV/EBITDA and LTM PER are negative and not meaningful as it incurred net loss after tax of approximately US$1.1 million and registered negative EBITDA of approximately US$78 thousand for the LTM ended 30 June 2020. Save for Civmec which recorded profits and positive EBITDA during the period under review, the rest of the Selected Comparable Companies recorded losses and negative EBITDA for the period under review. For illustrative purpose only, Civmec's valuation multiples in terms of LTM EV/EBITDA and LTM PER are 7.7 times and 11.6 times respectively.

(iii) The valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and based on the Sale Group's NAV as at 30 June 2020) is approximately 10.8 times or a premium of approximately 976.4% over its NAV as at 30 June 2020, which is higher than any of the Selected Comparable Companies. The Sale Group is in a NTL position, thus comparison of Purchase Consideration against NTL is not meaningful. Save for IEV, we note that two (2) out of three (3) of the Selected Comparable Companies are traded at discount to their respective NAV and/or NTA.

(iv) Based on the Purchase Consideration and the Lower Band of the Market Value, the valuation of the Sale Group is approximately 0.8 times or a discount of approximately 17.6% from the Lower Band of the Market Value ascribed by the Valuer. As an illustration and on the basis that the Market Value as ascribed by the Valuer is the "fair value" of the NAV for the Sale Group, we note that the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and the Lower Band of the Market Value) is within the range and similar to the median but lower than the simple average of the Selected Comparable Companies.

(v) Based on the Purchase Consideration and the Upper Band of the Market Value, the valuation of the Sale Group is approximately 0.3 times or a discount of approximately 70.6% from the Upper Band of the Market Value. As an illustration and on the basis that the Market Value as ascribed by the Valuer is the "fair value" of the NAV for the Sale Group, we note that the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and the Upper Band of the Market Value) is within the range but lower than both the median the simple average of the Selected Comparable Companies.

(vi) Sale Group is not a listed company and that it is commonly accepted that shares for privately held and companies which are not listed are usually valued or traded at a discount to their peers who are listed.

In summary, the valuation of the Sale Group in terms of LTM PER and LTM EV/EBITDA are negative and not meaningful. This is in line with most of the Selected Comparable Companies (save for Civmec). In terms of P/NAV ratio, the valuation of the Sale Group (as implied by the Purchase Consideration and based on the Sale Group's NAV as at 30 June 2020) is more favourable than any of the Selected Comparable Companies. In addition, as an illustration, the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and the Lower/Upper Band of the Market Value) is within the range of and generally comparable to the Selected Comparable Companies.

The valuation of the Sale Group should be viewed in the context of the following: (i) the Purchase Consideration is lower than the Lower Band of the Market Value and the sensitivity of the valuation with respect to, *inter-alia,* growth and discount rates; (ii) the Sale Group's weak financial performance (in particular, the losses incurred during the period under review being FY2017 to FY2019, and LTM ended 30 June 2020) and the weak financial position (in terms of net current liabilities position of approximately US$2.2 million, low shareholders' equity of approximately US$20 thousand and high gearing ratio as at 30 June 2020); (iii) the Sale Group is not a listed company, and it is commonly accepted that shares for privately held and companies which are not listed are usually valued or traded at a discount to their peers who are listed; and (iv) the Proposed Disposal is for the sale of 100% of the equity interest in the Sale Group as compared to the trading and valuation statistics indicated in the table above which are essentially for transactions without any transfer of control. In addition, the valuation of the Sale Group is premised on, *inter-*

alia: the Sale Group being able to continue as going concern; with ability to raise financing or refinancing for *inter-alia* its working capital and capital expenditures requirements to meet the forecasted revenues..

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Company including, *inter-alia*, factors such as depreciation and amortization policies. As such, the comparison of the NAV of the Sale Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Non-Interested Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter-alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

Shareholders should note upon completion of the Proposed Disposal, the Company will not have any revenue generating subsidiaries and its assets will comprise mainly of cash and investment in Rich Restaurant Co Ltd. As mentioned in Section 4.10 of the Circular, the Company may be classified as a cash company pursuant to Rule 1017 of the Catalist Rules, pending further consultation with the SGX-ST via its Sponsor.

5.6 Analysis of selected comparable transactions

In our assessment of the reasonableness of the Consideration, we have considered the salient terms of other disposals of equity interests which constitute interested person transactions undertaken by SGX-ST listed companies completed since 2018 (the "**Selected IPT Disposals**") to provide, *inter-alia*, a general comparison of the premium or discount of consideration for disposal over/from NAV of respective disposed entities, without having regard to specific industry characteristics or consideration structure or other relevant considerations.

We wish to highlight that the list of the Selected IPT Disposals is by no means exhaustive, and that the premium (if any) that a purchaser would pay for a business depends on various factors, including, *inter-alia*, the purchaser's rationale for the acquisition, consideration structure, prevailing market conditions and sentiments, attractiveness and profitability of the business and assets acquired as well as relative "bargaining position" of buyer/seller. Accordingly, any comparison made with respect to the Selected IPT Disposals is intended to serve as an illustrative guide only.

Relevant information has been extracted from the annual reports and/or public announcements and/or circular of, *inter-alia*, the companies which were involved in the Selected IPT Disposals. Shareholders should note that the disposed entities which are the subject of the Selected IPT Disposals may not be directly comparable to the Sale Group in terms of composition of business activities, scale of operations, types of contracts, clientele base, risk profile, geographical spread of activities and assets, track record, future prospects, and other relevant criteria. Comparisons may also be affected, *inter-alia*, by differences in their accounting policies.

Moreover, the Proposed Disposal and the transactions represented by the Selected IPT Disposals, as well as the circumstances for the disposal and the factors that were prevalent at the relevant point in time for determining the consideration for the disposal may differ.

Shareholders should note that there may not be any company, which is the subject of comparable transactions, that is directly comparable to the Sale Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria.

We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected IPT Disposals as the businesses of the companies which are the subject of comparable transactions, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies and the demand/supply conditions for these shares and that of the Sale Group may differ.

We have tabulated the Selected IPT Disposals to illustrate, *inter-alia*, the typical percentage of equity interest disposed, total consideration for disposal, and consideration to the disposed entities' NAV.

Name of vendor[1]	Disposed entities/business	Date of announcement	% of equity interest disposed	Consideration Structure	Total consideration (S$ million)	Consideration to disposed entities' NAV (times)	Disposed entities' profit/loss
Manufacturing Integration Technology Ltd	MIT Semiconductor Pte. Ltd.	18-Jul-18	100.0%	100% cash	67.6[2]	3.8[2]	Loss
CDW Holdings Limited	A Biotech Co., Limited	27-Sep-18	32.9%	100% cash	3.6	2.0	Loss
EnGro Corporation Limited	HBS Investments Pte Ltd	1-Mar-19	30.0%	100% cash	2.2	2.3	n.a.[3]
AVIC International Maritime Holdings Limited	AVIC Zhenjiang Shipyard Marine Pte. Ltd.	15-May-19	60.0%	100% cash	3.0	1.0[4]	Profit
Jackspeed Corporation Limited	Jackspeed Business Assets	4-Jun-19	100.0%	100% cash	48.0	0.9[5]	Profit
Tung Lok Restaurants (2000) Ltd	T&T Gourmet Cuisine Pte Ltd	18-Jun-19	50.0%	100% cash	1.2	1.8	Profit
Aspial Corporation Limited	Aspial Property Investment Pte. Ltd.	10-Jul-19	100.0%	100% cash	3.4	1.0[6]	Loss
Seroja Investment Limited	Trans LK Marine Pte. Ltd.	15-Aug-19	100.0%	100% cash	41.6[7]	0.9[8]	Profit
Keppel Infrastructure Trust	Datacentre One Pte. Ltd.	16-Sep-19	51.0%	100% cash	102.9	2.0[9]	Profit
MAXIMUM			**100.0%**		**102.9**	**3.8**	
MINIMUM			**30.0%**		**1.2**	**0.9**	
MEDIAN			**60.0%**		**3.6**	**1.8**	
SIMPLE AVERAGE			**69.3%**		**30.4**	**1.7**	
Group	**Sale Group**	**9-Oct-20**	**100%**	**100% cash**	**US$0.2 million[10]**	**10.8[11]**	**Profit[12]**

***Source**: SGX-ST announcements and circulars to shareholders in relation to the respective acquisition transactions*

Notes:

(1) Figures and computation are subject to rounding.

(2) Based on the reduced sale price and adjusted NAV of MIT Semiconductor Pte. Ltd.

(3) Financial performance of HBS Investment Pte Ltd is not available.

(4) Based on the revalued NAV of AVIC Zhenjiang Shipyard Marine Pte. Ltd.

(5) Based on the revalued NAV of Jackspeed Business Assets

(6) Based on the revalued NAV of Aspial Property Investment Pte. Ltd.

(7) Based on the revised consideration after the company entered supplemental deed to amend and modified the SPA on 3 July 2019.

(8) Based on the revalued NAV of Trans LK Marine Pte. Ltd.

(9) Based on the adjusted NAV of Datacentre One Pte. Ltd.

(10) The Purchase Consideration is US$214,345.

(11) Based on the Sale Group's pro-forma unaudited NAV for HY2020.

(12) The Sale Group recorded profit after tax attributable to owners of the Sale Group of approximately US$251 thousand for HY2020.

For illustrative purposes only, we note the following:-

(i) The Purchase Consideration for 100% equity interest in the Sale Group is lower than total consideration for any of the Selected IPT Disposals.

(ii) The valuation of the Sale Group in terms of P/NAV ratio of approximately 10.8 times (as implied by the Purchase Consideration and the Sale Group's NAV as at 30 June 2020) is higher and more favourable than any of the Selected IPT Disposals.

(iii) Based on the Purchase Consideration and the Lower Band of the Market Value, the valuation of the Sale Group is approximately 0.8 times or a discount of approximately 17.6% from the Lower Band of the Market Value ascribed by the Valuer. As an illustration and on the basis that the Market Value as ascribed by the Valuer is the "fair value" of the NAV for the Sale Group, we note that the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and the Lower Band of the Market Value) is lower than any of the Selected IPT Disposals.

(iv) Based on the Purchase Consideration and the Upper Band of the Market Value, the valuation of the Sale Group is approximately 0.3 times or a discount of approximately 70.6% from the Upper Band of the Market Value ascribed by the Valuer. As an illustration and on the basis that the Market Value as ascribed by the Valuer is the "fair value" of the NAV for the Sale Group, we note that the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and the Upper Band of the Market Value) is lower than any of the Selected IPT Disposals.

In general, the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and the Sale Group's NAV as at 30 June 2020), is more favourable than the Selected IPT Disposals.

Independent Shareholders should note that as the circumstances for each of the companies listed is unique and as the companies or the transactions may not be identical to NGPL or the Sale Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, payment terms and other relevant criteria, the analysis is necessarily limited. Further, the list of Selected IPT Disposal is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Proposed Disposal and the Selected IPT Disposals serves as an illustrative guide only.

6. OTHER CONSIDERATIONS

The following factors should also be considered together with the other comments and issues raised in this Letter and the contents of the Circular.

6.1 Purchase Consideration

We note that whilst the Purchase Consideration agreed is US$214,345.00, after taking into account the repayment of a sum of US$205,934.00 owed by the Company to the Sale Group as at 30 September 2020 ("**Vendor's Liabilities**") and the professional fees of approximately S$114,000 incurred, there will be no net proceeds arising from the Proposed Disposal.

The Directors have confirmed that the Vendor's Liabilities were incurred in the ordinary course of business prior to and including the date of the SPA. In addition, irrespective of the identity of the purchaser for NGPL and the Sale Group, such amounts remain owing and payable to the Sale Group.

Further the Company has represented that it has explored the disposal of the existing business and the intention of changing its core business as well as considered the Purchaser as one of the potential buyers around March 2020, which is subsequent to completion of the Subscription and the Restructuring in December 2019. Both the Company and the Purchaser had confirmed that the Restructuring were not made in contemplation of the Proposed Disposal to the Purchaser nor was the Proposed Disposal to the Purchaser made in contemplation of the Restructuring.

6.2 No potential offer from third parties

We note from the Circular that around March 2020, the Company had approached business associates to explore the possibility and potential terms of selling the Sale Shares to such parties (including the Purchaser). However, there was a lack of interest and no meaningful discussions were able to take place with such parties save for the Purchaser, due to, *inter-alia*, the Sale Group's historical losses, net current liability position, short term and long term capital expenditure requirements, and the general pessimistic outlook of the industry in which the Sale Group operates. The only offer made for the Sale Group for cash is from the Purchaser. Furthermore, the Company also believes that a disposal of the Sale Group should be undertaken in its entirety as compared to a sale of individual entities as these entities operate as a combined synergistic business and economic unit.

In view of, *inter-alia*, the historically weak financial performance of the Sale Group (despite its HY2020 profitability amidst 3 financial years of losses and loss recorded for the LTM ended 30 June 2020) and financial position, less than generally sanguine industry outlook for the marine and offshore engineering industry (where two out of three Selected Comparable Companies are loss making during the period reviewed), the Directors and the Management are of the view that it is extremely difficult to find potential buyer(s), let alone, selling to third parties for a decent price. The Directors and the Management confirmed that whilst significant efforts have been made by the Directors and the Management to obtain an alternative offer for NGPL or the Sale Group or individual entities within the Sale Group, they are not aware of any alternative offer for NGPL or the Sale Group or individual entities within the Sale Group available to the Company as at the Latest Practicable Date, which is comparable in nature, size and scope to the Proposed Disposal. The Directors are of the view that selling NGPL and the Sale Group to the Purchaser, who is an interested person, is a realistic, logical choice and the best option available to the Company as at the Latest Practicable Date. In addition, during the Restructuring of the Group, in order to assist the Company to fulfil the conditions precedent for the completion of the Subscription (which included taking steps to reduce the liabilities of the Company to not more than S$500,000), creditors have agreed, *inter-alia*, to novate monies due and outstanding from the Company to NGPL. The creditors have also agreed to defer instalment payments. Such creditors included the Group's employees and former Directors. As such, the continual viability of

the Sale Group would also be in the interest of the creditors and employees of the Group who had consented to the Restructuring as a pre-condition to the injection of fresh capital into the Company from the Subscription. We note from the Circular that the Company believes that the Purchaser is a suitable candidate to assume ownership of the Sale Group as he is familiar with its businesses and operations, and the industry in which it operates.

6.3 Financial Effects for the Proposed Disposal

The financial effects of the Proposed Disposal and its underlying assumptions can be found in Section 8 of the Circular.

We recommend that the Non-Interested Directors advise the Shareholders to read those pages of the Circular carefully. For illustrative purpose only, we note from Section 8 of the Circular that after the Proposed Disposal, the Group's NTA per Share would improve from approximately US$ 0.14 cents as at 31 December 2019 to approximately US$ 0.37 cents. In addition, the Group's earnings per Share ("**EPS**") would improve from a loss per Share of approximately US$ 0.09 cents to a profit per Share of approximately US$ 0.24 cents (assuming the Proposed Disposal was completed on 1 January 2019).

Lastly, we note from Section 8 of the Circular that the Proposed Disposal would remove all the Group's borrowings of approximately US$3.6 million as at 31 December 2019. Following the completion of the Proposed Disposal, the Group would have no borrowings. Accordingly, the Group's gearing ratio (being the ratio of total borrowings to shareholders' equity) would improve from approximately 163% as at 31 December 2019 to nil after completion of the Proposed Disposal.

In general, notwithstanding that there will be no net proceeds arising from the Proposed Disposal, we note that the financial effects for the Group is favourable in terms of the higher NTA per Share, improvement in EPS (from a loss per Share to a profit per Share), and an improved financial position in terms of gearing ratio (in view of the total reduction in borrowings).

6.4 Gain on Proposed Disposal and use of proceeds

We note from Section 3.7 of the Circular that the Proposed Disposal will result in a gain of US$194,432 over book value of the Sale Group of US$19,913 as at 30 June 2020 taking into account the Purchase Consideration of US$214,345.00 (subject to any accounting adjustments which may be necessary upon the finalization of the transaction).

Taking into account the repayment of a sum of the Vendor's Liabilities of US$205,934.00 and the professional fees of approximately S$114,000 incurred, there will be no net proceeds arising from the Proposed Disposal.

7. OPINION

In arriving at our recommendation in respect of the Proposed Disposal as IPT we have taken into account, *inter alia*, the factors summarised below as well as others elaborated elsewhere in our Letter. Our recommendation or opinion is by no means an indication of the merits of the prospects, financial performance and position of the Company, the Group and the Sale Group or the prices at which the Shares of the Group would trade after the completion of the Proposed Disposal or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern or whether the expected benefits arising from the Proposed Disposal can be materialised or the prospects of the Group.

Save for the Valuation Report provided by the Valuer in connection with the market value of 100% equity interest in the capital of the Sale Group, we have not been furnished with any valuation of the Group or the Sale Group (including without limitation, market or business valuation or economic potential) or appraisal of assets and liabilities of the Group or the Sale Group (including without limitation, property, plant and equipment) or contracts entered into by the Sale Group or the Group, and we have relied on the Directors' confirmation that, *inter alia*, on an aggregate basis, save as disclosed in the unaudited pro-forma financial statements of the Sale Group as at 30 June 2020, the announcements released by the Company on the SGX-Net and the Circular, there are no material differences between the estimated market value of the remaining assets and liabilities of the Sale Group for which no valuation was obtained and their respective book values as at 30 June 2020 which would have a material impact on the Sale Group's NTA and/or NAV as at 30 June 2020. Our views, recommendation and opinion are necessarily limited and subject to these matters. This is purely a summary of the factors that have been highlighted in this Letter and Shareholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter.

The following should be read in conjunction with, and in the context of, the full text of this Letter.

(a) The rationale of the Proposed Disposal as set out in Section 4 of the Circular and the fact there will be no net proceeds as mentioned in Section 3.8 of the Circular. We note from Section 3.8 of the Circular that there will be no net proceeds arising from the Proposed Disposal, after taking into account the repayment of the Vendor's Liabilities of US$205,934 and the professional fees of approximately S$114,000 incurred. As stated in Section 6.2 of the Circular, Settlement of Vendor's Liabilities is one of the conditions precedent for the Proposed Disposal under the SPA.

In addition, the Company is of the opinion that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future. Thus, the Proposed Disposal will allow the Group to exit from the marine and offshore engineering industry in the future and focus its resources on exploring other opportunities including the food and beverage business, in line with the diversification of the Group's business as approved by the Shareholders on 19 November 2019. Shareholders should note the Board intends to explore an acquisition of an education business in Thailand and in the event the proposed acquisition does not materialise before the completion of the Proposed Disposal, the Group's remaining assets after the Proposed Disposal will substantially consist of the investment in Rich Restaurant Co Ltd. The Company may thus be considered as a cash company during the relevant point in time.

(b) The current weak financial position and performance of the Group. During the period FY2017 to FY2019, the Group reported: (i) revenues which declined from approximately US$9.0 million in FY2017 to approximately US$6.2 million in FY2019; (ii) gross profit which declined from approximately US$3.9 million in FY2017 to approximately US$2.3 million in FY2019 (or approximately 43.3% in FY2017 to approximately 37.9% in FY2019 on a gross profit margin basis). The Group recorded consecutive years of losses after tax attributable

to owners of the Company of approximately US$6.9 million, US$5.0 million, and US$0.2 million for FY2017, FY2018 and FY2019 respectively. The improvement in terms of lower losses in FY2019 was, *inter-alia*, due largely to one-time gain on disposal of asset held for sale and gain on the Restructuring shares issued. The same trend was recorded for HY2020, as the Group's revenue declined from approximately US$3.5 million in HY2019 to approximately US$2.8 million in HY2020 and recorded loss after tax attributable to owners of the Company of approximately US$0.2 million in HY2020 (HY2019: loss after tax attributable to owners of the Company of approximately US$0.4 million).

The Group recorded net current liabilities of approximately US$3.0 million, US$4.6million, US$0.3 million and US$2.4million as at the end of FYE2017, FYE2018, FYE2019 and HY2020 respectively. The Group's gross borrowings relative to shareholders' equity (or gearing ratio) has been high during the periods reviewed, highlighting the reliance on external financing. Despite the increase in the Group's shareholders equity in FY2019 due *inter-alia* to the Restructuring and the Subscription in 2019, the Group's gearing remained high at 2.6 times as at 30 June 2020. We note that the bulk of the bank borrowings of the Group is conducted at the Sale Group level and are secured by assets of the Sale Group. As at HY2020,the Group has cash of approximately US$0.9 million, of which approximately US$0.3 million is free cash and cash equivalents (as US$0.6 million has been pledged as security for banking facilities), and after deducting approximately US$0.35 million for bank overdraft, the Group's cash and cash equivalents was negative as at 30 June 2020. As a result of the consecutive years of losses, the Group's NAV turned negative in FY2018, before turning positive in FY2019 as a result of the factors mentioned in this Letter, *inter-alia*, the Restructuring and the Subscription in 2019.

(c) The material uncertainty highlighted by the Independent Auditors relating to going concern in the Group's audited financial statements for FY2019. The Board has stated its opinion in the HY2020 results announcement that the continuing use of the going concern assumption in the preparation of the financial information is appropriate considering (i) the Group has continuous support from the existing bankers; and (ii) the Group is able to generate sufficient cash flows from its operations based on internal budget and management's ability to secure new contracts from customers.

The Directors have represented and confirmed that as at the Latest Practicable Date, the sufficiency of the Group's working capital for the next 12 months and the ability of the Group to continue as going concern will depend on, *inter-alia*, the successful completion of the Proposed Disposal as it would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure to future losses.

(d) The historical financial performance of the Sale Group for FY2017 to FY2019 appears to be generally weak with revenues on a declining trend, and with losses incurred. During the period FY2017 to HY2020, the Sale Group's revenue and gross profit has been on a declining trend. The Sale Group had experienced three consecutive financial years of losses after tax (from FY2017 to FY2019), despite the fact that the losses had reduced over the years. For HY2020, the Sale Group registered profits after tax which was primarily due to further massive cost cutting measures relating to staff costs, government subsidies and financial assistance received during this period.

Shareholders should note that the revenue generating subsidiaries of the Group comprises the Sale Group.

The Sale Group has been in a weak financial position with a net current liabilities position for the periods under review, being from FY2017 to HY2020. The Sale Group's borrowings have increased from FY2018 to FY2019, highlighting the increasing reliance on external financing and a result of, *inter-alia,* the novation of monies due and outstanding from the Company to the Sale Group as part of the condition precedent for the completion of the

Subscription and the Restructuring (where applicable). Due to consecutive years of losses, the Sale Group has been in a net liabilities position from FY2017 to FY2019. As at 30 June 2020, the Sale Group's shareholders' equity was positive at approximately US$20 thousand attributable to the net profit registered for HY2020.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Sale Group's unaudited pro-forma financial statements for the period under review and the Company's announcements on the SGX-NET, there has been no material changes to the Sale Group's assets and liabilities, financial position, condition and performance.

(e) The historical financial performance for the Sale Group, in terms of LTM ROE and LTM net profit margin, are negative and not meaningful and this is in line with the Selected Comparable Companies save for Civmec which was profitable during the period under review. The historical financial position (in terms of total liabilities to shareholders equity ratio and total borrowings to shareholders equity ratio) of the Sale Group, appears to be weaker and less favourable than any of the Selected Comparable Companies. In addition, the Sale Group's asset turnover appears in general, to be more favourable than the Selected Comparable Companies.

(f) The Purchase Consideration (as set out in Section 5 of this Letter) after taking into account, *inter-alia*, the following factors:-

(i) The Purchase Consideration represents a significant premium of approximately 976.4% over the Sale Group's NAV as at 30 June 2020. The significant premium should be viewed in conjunction with the Sale Group's low NAV of approximately US$20 thousand as at 30 June 2020. The low NAV of the Sale Group is attributable to the consecutive years of losses incurred.

(ii) The Purchase Consideration is favourable taking into account the Sale Group's unaudited pro-forma NTL as at 30 June 2020.

(iii) The Purchase Consideration is at a discount of approximately 17.6% and 70.6% from the Lower Band of Market Value and the Upper Band of Market Value, respectively. The discount implied by the Purchase Consideration from the Market Value ascribed by the Valuer should be viewed in the context of, *inter-alia,* the Company's view that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future, the historically weak financial performance and position of the Sale Group (albeit a turnaround in HY2020 in terms of profitability resulting in a slightly positive shareholders' equity), and in particular the low NAV of the Sale Group as a result of accumulated losses, the lack of offers made for the Sale Group despite significant efforts made by the Company, and the fact that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities.

The Market Value may be subject of the following limiting conditions, *inter-alia* which has been confirmed by the Directors and Management:

- The Sale Group's existing and past contracts are short-term in nature and the existing contracts can only support the forecasted revenue for the next twelve months from the Valuation Date. There is no assurance and certainty that the Sale Group will be able to secure contracts in the future and sustain the forecasted revenue after twelve months from the Valuation Date, given, *inter-alia*, the size of the Sale Group, industry outlook, competition, and the Sale Group's financial position, gearing and need for financing.

- The Market Value is based on the assumptions, *inter-alia,* that the Sale Group shall be able to continue to operate as a going concern and they have sufficient liquidity to achieve the financial forecasts and projections for the forecasted periods. This should be considered in the context of:-

    - The material uncertainty highlighted by the Independent Auditors relating to going concern in the Group's audited financial statements for FY2019 and the fact that the Group's revenue for FY2019 and HY2020 were derived solely from the Sale Group and the Sale Group's total assets accounted for approximately 80.3% of the Group's total assets as at 30 June 2020.

    - The Sale Group was in net current liabilities position of approximately US$2.2 million with minimal shareholders' equity of approximately US$20 thousand as at 30 June 2020. There is a need to refinance certain of the Sale Group's loans or seek further capital injection.

    - Following completion of the Proposed Disposal, the Sale Group will no longer be part of a listed company and therefore, its ability to raise funds from equity capital market and debt capital market may be further limited.

    - The Sale Group's weak financial performance (with declining revenues and consecutive years of losses for FY2017 to FY2019) and financial position (with net current liabilities position of approximately US$2.2 million and minimal shareholders' equity of approximately US$20 thousand as at 30 June 2020) may make it extremely difficult for the Sale Group to seek any meaningful amount of external borrowing and/or refinancing from financial institutions or funds from investor. The Sale Group's assets are already encumbered.

    - There is no assurance, given the Sale Group's weak financial performance for FY2017 to FY2019, that the Sale Group can achieve the forecasted revenues for FFYE 2021 to FFYE2025 or for that matter FFYE2026 to FFYE2030. Further, the assumptions for *inter-alia* revenues and margins (including the time taken to normalise performance and the levels of revenues and margins) are key factors for the valuation and there is no certainty that such can be achieved.

    - There is no assurance, given the Sale Group's weak financial position and the low amount of equity as at 30 June 2020, that the Sale Group can raise further financing for its refinancing of certain current and non-current liabilities or that such financing can be effected, at the rates assumed for the Valuation Report.

    - The sensitivity of the valuation of the Sale Group to terminal values (which constitute approximately 50.4% to 55.3% of the valuation of the EV for Sale Group), and its assumptions being *inter-alia* growth and discount rates. As an illustration, the difference in the equity values of the Sale Group based on growth rates of 2.5% and 1.5% (and at an assumed discount rate of 10.3%) is approximately US$248 thousand (more than the Purchase Consideration). Similarly, the difference in the equity values of the Sale Group based on discount rates of 10.3% and 10.8% (and at a growth rate of 2.5%) is approximately US$255 thousand (more than the Purchase Consideration).

As stated in the summary of the Valuation Report, the Market Value is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. It may not have considered the particular circumstances facing the Company and/or the Group and/or the Sale Group *inter-alia* on ability to continue on a going concern basis and ability to ensure sufficient liquidity to achieve the financial forecasts and projections.

(iv) The valuation of the Sale Group in terms of LTM EV/EBITDA, LTM PER, and P/NTA (as implied by the Purchase Consideration) are negative and the comparison with the valuation multiples for the Selected Comparable Companies is not meaningful. Meanwhile, the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and based on the Group's NAV) is approximately 10.8 times, which is more favourable than the P/NAV ratios for any of the Selected Comparable Companies.

(v) The valuation of the Sale Group in terms of P/NAV as implied by the Purchase Consideration and the Market Value as ascribed by the Valuer is (a) approximately 0.8 times or at a discount of approximately 17.6% from the Lower Band of the Market Value ascribed by the Valuer; and (b) approximately 0.3 times or a discount of approximately 70.6% from the Upper Band of the Market Value ascribed by the Valuer. They are both fairly comparable to the Selected Comparable Companies.

The discount of the Purchase Consideration from the Market Value ascribed by the Valuer should be viewed in the context of, *inter-alia,* the Company's view that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future, the historically weak financial performance and position of the Sale Group (albeit a turnaround in HY2020 in terms of profitability resulting in a slightly positive shareholders' equity), and in particular the low NAV of the Sale Group as a result of accumulated losses, the lack of offers made for the Sale Group despite significant efforts made by the Company, and the fact that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities.

In addition, the valuation of the Sale Group is premised on *inter-alia*: the Sale Group being able to continue as going concern, with ability to raise financing or refinancing for *inter-alia* the its working capital and capital expenditures requirements to meet the forecasted revenues. Further, the valuation of the Sale Group is extremely sensitive to, *inter-alia,* growth and discount rates.

(vi) Comparison with the Selected IPT Disposals which shows that the valuation of the Sale group in terms of P/NAV of approximately 10.8 times (as implied by the Purchase Consideration and based on the Sale Group's NAV) is more favourable than any of the Selected IPT Disposal. .

(g) The pro-forma financial effects of the Proposed Disposal as outlined in Section 8 of the Circular. In general, following the completion of the Proposed Disposal, and notwithstanding that there will be no net proceeds arising from the Proposed Disposal, we note that the financial effects for the Group is favourable in terms of the higher NTA per Share, improvement in EPS (from a loss per Share to a profit per Share), and an improved financial position in terms of gearing ratio (in view of the total reduction in borrowings).

(h) The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer since March 2020, after the

completion of the Subscription Agreement in December 2019, from third parties, including the Purchaser, for the sale of the Sale Shares, there has not been any interest to further the discussions save for the Purchaser. This should be viewed in the context of the weak financial performance and position of the Group (details of which can be found in Section 5 of this Letter). The Board is of the view that it is extremely challenging to find potential buyers willing to offer a decent price for the Sale Group. Therefore, the discount of the Purchase Consideration to the Market Value as ascribed by the Valuer should be viewed in the context that there are no potential offers. The Directors and Management have also indicated that the disposal of the Sale Group is part of their plan to change the core business of the Group.

(i) Other relevant considerations as set out in Section 6 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to, *inter-alia,* our terms of reference and earlier analysis, as well as the limitations of the valuation of the Sale Group which is premised, *inter-alia,* on the Sale Group's ability to continue as a going concern, with ability to raise financing or refinancing for *inter-alia* its working capital and capital expenditure requirements to meet the forecasted revenues. There is no certainty that the assumptions for the valuation can be achieved given the challenges faced by the Sale Group as described in the Letter. Further, the valuation of the Sale Group is extremely sensitive to *inter-alia* growth and discount rates. In addition, we had also considered the confirmations from the Directors that, *inter-alia,* there is no alternative offer, and that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities, and that the Proposed Disposal would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure to future losses. Accordingly, we are of the opinion that, on balance, the Proposed Disposal as an IPT is **ON NORMAL COMMERCIAL TERMS, AND NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders.

For the purposes of evaluation of the Proposed Disposal as an IPT, we have adopted the approach that the term "normal commercial terms" and "not prejudicial" comprises two distinct concepts:

(i) Whether the Proposed Disposal as an IPT is "normal commercial terms" relates to an opinion on the value of the Purchase Consideration. "Normal commercial terms" are terms which a party could obtain if the transaction were on an arm's length basis or on terms no less favourable to the listed issuer than terms available to or from independent third parties. This may not have considered the particular circumstances facing the Company and/or the Group and/or the Sale Group. This is based strictly on a fundamental analysis and evaluation of the Purchase Consideration as set out in this Letter and based on information known to us and/or which is publicly available).

(ii) Whether the Proposed Disposal as an IPT is "not prejudicial", after taking into consideration the actual and potential financial impact of other circumstances surrounding the Proposed Disposal, which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the Proposed Disposal as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**, after factoring, *inter-alia*, the following:-

(i) The Purchase Consideration represents a significant premium of approximately 976.4% over the Sale Group's NAV as at 30 June 2020 and is favourable taking into account the Sale Group's pro-forma unaudited NTL as at 30 June 2020.

(ii) Favourable of fair comparison against the Selected Comparable Companies – the valuation of the Sale Group in terms of P/NAV (as implied by the Purchase Consideration and based on the Group's NAV) of approximately 10.8 times is more favourable than the P/NAV ratios for any of the Selected Comparable Companies. In addition, the valuation of the Sale Group in terms of P/NAV as implied by the Purchase Consideration and the Market Value as ascribed by the Valuer is fairly comparable to the Selected Comparable Companies.

(iii) Favourable comparison against the Selected IPT Disposal – the valuation of the Sale Group in terms of P/NAV of approximately 10.8 times (as implied by the Purchase Consideration and based on the Sale Group's NAV) is more favourable than any of the Selected IPT Disposal. .

(iv) The Purchase Consideration is at a discount of approximately 17.6% and 70.6% from the Lower Band of Market Value and the Upper Band of Market Value, respectively. The discount implied by the Purchase Consideration from the Market Value ascribed by the Valuer should be viewed in the context of, *inter-alia,* the Company's view that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future, the historically weak financial performance and position of the Sale Group (albeit a turnaround in HY2020 in terms of profitability resulting in a slightly positive shareholders' equity), and in particular the low NAV of the Sale Group as a result of accumulated losses, the lack of offers made for the Sale Group despite significant efforts made by the Company and the fact that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities. Further the values as ascribed by the Valuer are premised on certain factors for which there is no assurances which include, *inter-alia,* assumptions on ability to: continue as a going concern; satisfy the Sale Group's requirements for financing or refinancing, "normalise" and improve revenues and time taken for normalisation of revenue growth and margins as well as the amounts for such revenues and margins. As stated in the summary of the Valuation Report, the Market Value is defined as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. It may not have considered the particular circumstances facing the Company and/or the Group and/or the Sale Group *inter-alia* on ability to continue on a going concern basis and ability to ensure sufficient liquidity to achieve the financial forecasts and projections.

We consider the Proposed Disposal as an IPT to be, on balance, **NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders, after factoring, *inter-alia*, the following:-

(i) The rationale of the Proposed Disposal as set out in Section 4 of the Circular.

(ii) The Sale Group's weak financial performance (with declining revenues and consecutive losses for FY2017 to FY2019) and financial position (with net current liabilities position of approximately US$2.2 million and minimal shareholders' equity of approximately US$20 thousand as at 30 June 2020). In addition, the Company is of the opinion that the industry outlook for the marine and offshore engineering industry is generally pessimistic and will likely be on a downward trend in the near future. Thus, the Proposed Disposal will allow the Group to exit from the marine and offshore engineering industry in the future and focus its resources on exploring other opportunities including the food and beverage business, in line with the diversification of the Group's business as previously approved by the Shareholders. Shareholders should note the Board intends to explore an acquisition of an education business in Thailand and in the event the proposed acquisition does not materialise before the completion of the Proposed Disposal, the Group's remaining assets after the Proposed Disposal will substantially consist of the investment in Rich Restaurant

Co Ltd. The Company may be considered as a cash company during the relevant point in time.

(iii) The Group's weak financial performance and position with material uncertainty related to going concern highlighted by the Independent Auditor for FY2019. The Directors have represented and confirmed that as at the Latest Practicable Date, the sufficiency of the Group's working capital for the next 12 months and the ability of the Group to continue as going concern will depend on, *inter-alia*, the successful completion of the Proposed Disposal as it would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure to future losses.

(iv) The Directors' confirmation that (a) whilst significant efforts have been made by the Directors and Management to source for alternative offer since March 2020 (which is after the completion of the Subscription) from third parties, including the Purchaser, for the sale of the Sale Shares, there has not been any interest to further the discussions save for the Purchaser; (b) it is extremely challenging to find potential buyers willing to offer a decent price for the Sale Group and therefore, the discount of the Purchase Consideration to the Market Value as ascribed by the Valuer should be viewed in the context that there are no potential offers; and (c) the Proposed Disposal is part of their plan to change the core business of the Group.

(v) Favourable financial effects as outlined in Section 8 of the Circular - In general, following the completion of the Proposed Disposal, and notwithstanding that there will be no net proceeds arising from the Proposed Disposal, the financial effects of the Proposed Disposal is expected to be favourable in terms of the higher NTA per Share, improvement in EPS (from a loss per Share to a profit per Share), and an improved financial position in terms of gearing ratio (in view of the total reduction in borrowings).

Recommendation

Based on our assessment of the Proposed Disposal as an IPT as set out above and subject to the analysis in this Letter, *inter-alia*, there being no alternative offers and that the Proposed Disposal is part of the business diversification efforts made by the Company to exit from the marine and offshore and engineering industry and focus on exploring other opportunities, and that the Proposed Disposal would allow the Group to strengthen its financial position by reducing its net current liabilities and prevent any further exposure to future losses, from a financial point of view, we advise the Non-Interested Directors to recommend that Independent Shareholders vote in favour of the Proposed Disposal to be proposed at the EGM. We advise the Non-Interested Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter-alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Non-Interested Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour for or against the Proposed Disposal.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or NGPL or the Sale Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company or the Group or the Sale Group after the completion of the Proposed Disposal and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Disposal as IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

(1) Our scope does not require us and we have not made any independent evaluation of NGPL or the Sale Group (including without limitation, market value or economic potential) or appraisal of the Sale Group's assets and liabilities or contracts entered into by the Sale Group or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Sale Group or the Group save for the Valuation Report and the summary of the Valuation Report issued by the Valuer in respect of, *inter-alia*, the market value of the 100% equity interest in the capital of the Sale Group as at the Valuation Date.

With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities, and businesses (including without limitation the Sale Group) including, *inter-alia* the contracts or agreements that the Sale Group or the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in their respective unaudited financial statements and/or audited financial statements (as the case may be) for FY2017, FY2018, FY2019, HY2019 and HY2020 are, to the best of their knowledge and beliefs, true and fair. Likewise, the Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Sale Group as reflected in, *inter-alia,* their respective audited or unaudited financial statements (or pro-forma unaudited financial statements where applicable) for FY2017, FY2018, FY2019, HY2019 and HY2020 are, to the best of their knowledge and beliefs, true and fair.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-NET and the unaudited financial statements (or pro-forma unaudited financial statements where applicable) for the Group and the Sale Group for HY2020 there has been no material changes to the Group's and the Sale Group's assets and liabilities, financial position, condition and performance.

(2) Our scope does not require us to express and we do not express, a view on the future growth prospects of the Company or the Group before and after the transactions stipulated in the Circular or the Proposed Disposal or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern.

Specific Objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Non-Interested Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, the EGM will be conducted via electronic means. Shareholders will not be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM as set out below:

(a) Observing or listening to the EGM proceedings via electronic means

Shareholders who wish to observe or listen to the "live" audio-visual webcast or "live" audio-only stream must pre-register via the following link: https://www.nautec.com/egm-registration-link/, no later than 12:00 p.m. on 5 December 2020 (the "**Registration Deadline**") being not less than 72 hours before the time appointed for holding the EGM.

Authenticated shareholders will receive an email containing a unique link to access the live audio-visual webcast via zoom or via their web browser. In the situation where the link does not work, Shareholders can also access the session via entering the webinar ID and password directly in the Zoom platform. Shareholders can access the audio-only stream of the EGM proceedings via the provided telephone number with webinar ID and a password.

Shareholders who have pre-registered by the Registration Deadline but did not receive the aforementioned email by 12:00 p.m. on 7 December 2020, (being 24 hours before the EGM) should contact Fann Loo via email at support@nautec.com.

Shareholders MUST NOT forward the unique link, webinar ID or password to other persons.

(b) Submitting questions in advance of the EGM

Shareholders may also submit questions related to the resolution to be tabled for approval at the EGM. All questions must be submitted no later than 12:00 p.m. on 5 December 2020 (the "**Submission Deadline**") via egm.queries@nautec.com.

The Company will endeavour to address substantial and relevant questions relating to the resolution to be tabled for approval at the EGM prior to the EGM and/or at the EGM. Please note that Shareholders will not be able to ask questions at the EGM and accordingly, it is important for Shareholders to submit their questions by the Submission Deadline.

(c) Voting by Proxy

Shareholders will not be able to vote online at the EGM. Instead, if Shareholders (whether individuals or corporates) wish to exercise their votes, they must submit a proxy form to appoint the chairman of the EGM (the "**EGM Chairman**") to vote on their behalf. Shareholders (whether individuals or corporates) appointing the EGM Chairman as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.

The proxy form must be submitted to the Company through any one of the following means:

(i) by depositing a physical copy at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

(ii) by sending a copy by email to sg.is.proxy@sg.tricorglobal.com,

in either case, by 12:00 p.m. on 6 December 2020 (being not less than 48 hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

Shareholders who hold their shares through relevant intermediaries (including CPFIS Members or SRS investors) and who wish to exercise their votes by appointing the EGM Chairman as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions by 12:00 p.m. on 26 November 2020.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

In addition, Independent Shareholders are advised to read Section 18 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is prepared pursuant to Rule 921(4) of the Catalist Rules as well as addressed to the Non-Interested Directors in connection with and for the sole purpose of their evaluation of the Proposed Disposal as an IPT, and is not meant or intended to be an evaluation of the other resolutions to be proposed (where applicable) or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Disposal as an IPT and/or at the forthcoming EGM.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Proposed Disposal as an IPT, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Non-Interested Directors to the Independent Shareholders in relation to the Proposed Disposal, as well as other resolutions referred to in the Circular (where applicable) and the issue of the Circular shall remain the sole responsibility of the Non-Interested Directors, and the Directors respectively.

Yours faithfully,
For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

Strictly Confidential – For Addressee Only

CUSHMAN & WAKEFIELD

Valuation of 100% equity interest in the capital of the Target Group (as defined herein)

Prepared for

NauticAWT Limited

Report Date

23 November 2020

Ref: 20/RY-AN/BV0129-2



Executive Summary

Valuation of 100% equity interest in the capital of the Target Group (as defined herein)

Valuation Date:	30 June 2020
Purpose:	Public disclosure purpose
Situation/Background:	NauticAWT Limited ("Nautic" or "Company") investment holding company and together with its subsidiaries (the "Group"), is a Singapore based firm engaged in the provision of marine and offshore engineering services, which includes the development and production of ultra high performance concrete and composites ("UHPC") for the installation and retrofitting of onshore, offshore and marine structures. This includes marine and offshore structural engineering services. The Group is considering to dispose 100% equity interest in the capital of Nautec Group Pte Ltd (the "Target") together with its subsidiaries (collectively "Target Group") (the "Proposed Disposal"). The Proposed Disposal is expected to be subjected to extraordinary general meeting of the Group to seek its shareholder's approval. As a result of the Proposed Disposal, we have been requested to perform a valuation of 100% equity interest in the capital of the Target Group as at 30 June 2020 ("Valuation Date").
Subject Matter:	100% equity interest in the capital of Target Group
Basis of Valuation:	Market Value
Valuation Approach:	Income Approach
Other Details:	We wish to highlight that any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Valuation of 100% equity interest in the capital of the Target Group (as defined herein)

Other Details:	The market that the Target Group is valued in is being impacted by the uncertainty that COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer (as defined herein) could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

Having regard to the foregoing, we are of the opinion that the Market Value of the 100% equity interest in the capital of the Target Group as at Valuation Date, subject to the assumptions stated herein, is in the region of: -

US$0.26 million to US$0.73 million

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

CUSHMAN & WAKEFIELD
Cushman & Wakefield VHS Pte Ltd
3 Church Street
#09-03 Samsung Hub
Singapore 049483
Tel +65 6535 3232
Fax +65 6535 1028
www.cushmanwakefield.com

A Valuation Report

To: NauticAWT Limited

Subject Matter: 100% equity interest in the capital of Target Group

Report Date: 23 November 2020

Valuation Date: 30 June 2020

1. Introduction and Instructions

Appointment

In accordance with your instructions, we have assessed and ascertained the Market Value of 100% equity interest in the capital of the Target Group. We are pleased to submit our summarised valuation report ("Report"), which has been prepared for public disclosure purpose to seek shareholders' approval pursuant to the Proposed Disposal and should be read in conjunction with the full valuation report dated 23 November 2020 ("Full Report").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Full Report.

2. Terms of reference

Cushman & Wakefield VHS Pte Ltd ("C&W" or "Valuer") has been appointed to undertake an independent valuation of 100% equity interest in the capital of Target Group. We were neither a party to the negotiations entered into by the Group in relation to the Proposed Disposal nor were we involved in the deliberation leading up to the decision on the part of the management of the Company, Group, Target and/or Target Group (the "Management") to enter into the Proposed Disposal and we do not, by the Report or Full Report or otherwise, advise or form any judgement on the merits of the Proposed Disposal. We do not warrant the merits of the Proposed Disposal or the acceptability of the risk for the Proposed Disposal.

We have confined our evaluation strictly and solely on the financial of the Target Group and have not taken into account the commercial/financial risks and/or merits (if any) of the Proposed Disposal or the strategic merits or the comparison with other deals involving shares of the Company, Group, Target and/or Target Group. We were not required to comment on or evaluate the methods or procedures used by the Target Group to manage the change in any risk profile of the Company, Group, Target and/or Target Group in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Management 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 view as set out in the Report or the Full Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Disposal. In addition, we do not express any views or opinion on the merits of the Proposed Disposal, the legality or all other matters pertaining to the Proposed Disposal, documents for the Proposed Disposal (the notice

of meeting and the accompanying explanatory notes), *inter alia*, the independence of any party or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of information.

In the course of our evaluation, we have held discussions with, *inter alia*, the Management, regarding their assessment of the Proposed Disposal and have examined publicly available information collated by us as well as the financial information, both written and verbal, provided to us by the Management, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner in which it has been classified or presented.

We do not warrant and have not commented on the acceptability of the risk that the Company, Group, Target and/or Target Group may be subject to for the Proposed Disposal.

We were not required to and have not made any independent evaluation or appraisal of the individual assets and liabilities (including without limitation, real property) of the Target Group. Our opinion in this Report is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as at the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinion may change in light of developments which *inter alia,* includes general as well as company specific or industry specific conditions or sentiments or factors.

Shareholders should note that the evaluation is based solely on publicly available information and other information provided by the Management as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance and financial condition after the Valuation Date or developments both macro and company specific and that these factors do and will necessarily affect the valuation of the interests in the capital of the Target Group. Likewise, this Report outlines some of the matters or bases or factors or assumptions which we have used in our valuation and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in the valuation.

In rendering the opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder of the Company, Group, Target and/or Target Group (the "Shareholder"). As such, any individual Shareholder who may require advice in the context of his or her specific investment portfolio, including his or her investment in the Company, Group, Target and/or Target Group, should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Report and provided by the Company, Group, Target and/or Target Group which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Report and the Full Report in its entirety.

Accordingly, our Report, Full Report or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Company, subject to the terms of reference and the contents of the Report and Full Report as one of the basis for their opinion or views or recommendation. In addition, any references to our Full Report or Report or opinion or views, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of the Report or the Full Report in its entirety *inter alia* the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Full Report or the Report.

3. Bases of Valuation

The valuation and Report have been prepared in accordance with International Valuation Standards.

Bases

The subject matter has been valued on the basis of Market Value which is defined as follows:

"The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

4. Assumptions and Reservations

Assumptions

In preparing our assessment, we have made the following key assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects the Target Group's financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Management has provided us the financial projections from financial year ended 30 June ("FYE") 2021 to FYE2025 and concurred with assumptions used in the financial projections from FYE2026 to FYE2030. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- The Target Group shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.
- There will not be any material changes in the political and/or economic conditions under which the Target Group operates that may adversely affect the future prospects of the Target Group.
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target Group.

- The current owners of the Target Group have clear and unencumbered title of ownership over all assets included in this assessment.
- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Target Group's countries of operations.
- There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- The Target Group's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the Report.

It should be noted that the valuation of the Target Group critical upon the following key value drivers:

- The Target Group continues to operate as a going concern and is able to meet all its financial obligations.
- The Target Group's sales, costs, and net profit continue to grow according to the forecast. Their capital expenditure and working capital requirements are estimated accurately in the projections;
- The Target Group has sufficient operational resources to support the projected turnover and profitability;
- The Target Group continues to maintain costs in accordance with the forecast;

Any deviation from the above key drivers and forecasts may significantly vary the valuation of the Target Group.

The valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit, due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this Report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on the Proposed Disposal. We have also not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

For this exercise, we have considered published market data and other public information relating to the comparable companies on international stock exchanges. We are not responsible as to their content and accuracy in deriving parameters such as country risk rate for purposes of valuation. Such information was obtained from Bloomberg and other sources, where applicable.

Reservations

The value conclusions reflect all information known by the valuers of C&W who worked on the valuation in respect to the equity interest in the capital of the Target Group, market conditions and available data.

5. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a lessee, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

Market Value of the subject matter can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the Valuation Date was to change.

The outbreak of the COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

The market that the Target Group is valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is current at the Valuation Date only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the Valuation Date). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

We have no present or prospective interest in the Target Group and are not a related corporation of nor do we have a relationship with the owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Company, Group, Target and/or Target Group the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of assets. Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

6. Valuation Methodology

We have considered the 3 valuation approaches namely Cost Approach, Income Approach and Market Approach and have adopted Income Approach as our primary approach with Market Approach as reference. The Cost Approach is not adopted because it does not

directly incorporate information about the future economic benefits contributed by the subject asset, business or business interest.

The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. Given that the business of the Target Group's operations had been established for many years, we considered the use of Income Approach as the primary approach to be appropriate.

Under Market Approach, we have considered enterprise value to sales ("EV/S") and enterprise value to earnings before interest, taxation, depreciation and amortisation ("EV/EBITDA") multiple in the valuation. Based on our analysis, the volatilities from the multiples of Comparable Companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the Target Group is not at its normalised stage and thus Market Approach is used as reference.

Accordingly, we have relied solely on Income Approach in assessing the equity value of the Target Group with Market Approach as a reference.

Income Approach - Discounted Cash Flow Analysis

Discounted Cash Flow ("DCF") Method is one application of income approach. We have used free cash flow to firm ("FCFF") to assess the overall enterprise value of the companies. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash and cash equivalents as well as non operating assets/liabilities. FCFF is defined as follows:

FCFF = EBIT (1 – Tax rate) + Depreciation and Amortization – Capital Spending – Change in Working Capital

In applying the DCF method there are three critical inputs:

- A supportable cash flow forecasts;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate by which to revert the cash flows to present value.

The assumptions used in the DCF analysis are set out in the following sections.

Financial projections

We were provided with financial projections from FYE2021 to FYE2025, which form the basis of the DCF analysis. As the expected earnings generated in FYE2025 is not at its normalised stage, the financial projections were extended to FYE2030.

Based on discussion with Management, the key assumptions used for the financial projections from FYE2026 to FYE2030 are as follows:

- Revenue growth rate is assumed to gradually decrease to 2% in FYE2030 on a straight-line basis based on expected long term global GDP growth rate;
- EBITDA margin is assumed to gradually decrease to about 10% in FYE2030 based on the average EBITDA margin of the Comparable Companies;
- The projected depreciation and amortization over revenue are assumed to range from about 1% per annum to 4% per annum based on average useful life of 8 years;
- The projected capital expenditure is assumed to be at 1% per annum of the revenue; and
- Other assumptions are held similar to FYE2025.

Based on the abovementioned assumptions, the expected FCFF of the Target Group from FYE2021 to FYE2030 is as follows:-

	Forecast					Working for terminal value				
USD'000, unless otherwise specified	FYE2021	FYE2022	FYE2023	FYE2024	FYE2025	FYE2026	FYE2027	FYE2028	FYE2029	FYE2030
Revenue	6,000	6,436	6,862	7,270	7,655	8,010	8,329	8,605	8,834	9,011
EBIT	(223)	(116)	(13)	83	170	639	885	865	837	801
Less: Tax expenses	-	-	-	-	-	(153)	(212)	(208)	(201)	(192)
Add: Depreciation and amortisation	740	748	756	765	775	312	63	74	85	96
Less: Capital expenditure	(60)	(64)	(69)	(73)	(77)	(80)	(83)	(86)	(88)	(90)
Less: Net working capital changes	546	(605)	(675)	(744)	(807)	(40)	(35)	(28)	(22)	(15)
FCFF	**1,002**	**(37)**	**(1)**	**32**	**61**	**677**	**618**	**617**	**611**	**600**

Capital expenditure: Based on discussion with Management, there will be minimal amount of capital expenditure to be incurred during the projected period. The projected capital expenditure is expected to range from US$60,000 per annum to US$90,000 per annum which is in line with the historical trend.

Net working capital changes: Based on discussion with Management, it is expected that the inventories, trade & other receivables and trade & other payables will change in line with the projected change in cost of sales and revenue (as the case may be). The underlying net working capital assumptions are set out as follows which are in line with the Comparable Companies:-

- Inventories turnover days: 30 to 41 days
- Trade & other receivables turnover days: 90 to 115 days
- Trade & other payables turnover days: 70 to 275 days

Terminal value

To estimate the terminal value of the Target Group at the end of the projection period in FYE2030, we have used the Gordon Growth Model. This model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long-term growth rate.

Terminal value = $CF_{n+1} / (r - g)$

where	CF_{n+1}	=	expected cash flow one year from *n*-th year
	r	=	required rate of return, i.e. discount rate
	g	=	growth rate in perpetuity

We have assumed that the earnings of the Target Group would reach a stable perpetual growth rate of ranging from 1.5% to 2.5% after FYE2030 based on expected long-term global GDP growth rate.

Discount rate

Income Approach requires the application of an appropriate discount rate that reflects the inherent risks relating to the cash flows. The present value of the cash flows from the Target Group is the expected future net cash flows discounted by an appropriate discount rate. We have adopted Weighted Average Cost of Capital ("WACC") of approximately from 10.3% to 10.8%.

Debt & non-operating payables and excess cash & cash equivalents

In order to arrive at 100% equity value of the Target Group from the enterprise value, the existing debt & non-operating payables are subtracted and excess cash & cash equivalents are added. As at the Valuation Date, the Target Group has debt & non-operating payables of US$5.3 million which mainly comprise bank loan connected to the property (i.e. pledged to the bank), non-operating payables and other loans. Further, the Target Group has excess cash & cash equivalents of US$0.7 million.

Adjustment for private company discount (marketability discount)

According to the International Glossary of Business Valuation Terms, marketability means the relative ease and promptness with which a security or commodity may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of the sale. Investors will price in a discount for the additional costs and risks of liquidation when valuing equity in privately held companies. We applied a marketability discount of approximately 30% for the purpose of this valuation with reference to the historical empirical studies.

Market Value of 100% equity interest in the capital of the Target Group

Based on the DCF method, the derived 100% enterprise value of the Target Group ranges from US$5.0 million to US$5.6 million as at Valuation Date. The value of 100% equity interest in the capital of the Target Group is then derived by taking enterprise value, subtracting debt & non-operating payables, adding excess cash & cash equivalents and applying the marketability discount. As at the Valuation Date, the Target Group has debt & non-operating payables of US$5.3 million and has excess cash & cash equivalents of US$0.7 million. A marketability discount of 30% is applied to reflect the private status of the Target Group.

As such, based on DCF Method, the Market Value of 100% equity interest in the capital of the Target Group as at the Valuation Date ranges from US$0.26 million to US$0.73 million.

7. Valuation Result

Having regard to the foregoing, we are of the opinion that the Market Value of the 100% equity interest in the capital of the Target Group as at Valuation Date, subject to the assumption stated herein, is in the region of: -

US$0.26 million to US$0.73 million

The following table illustrates the results of the valuation based on Market Approach, which are purely for reference purposes only and do not reflect Market Value of 100% equity interest in the capital of the Target Group as at Valuation Date.

USD (million), unless otherwise stated	
Market Approach	US$0.18 million to US$1.64 million

8. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

9. Disclosure and Publication

You must not disclose the contents of the Report and/or Full Report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or the Report and/or Full Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any special assumptions or departures that we have made.

10. Limiting Conditions

This Report is prepared subject to the Limiting Conditions in Appendix 1 of the Report.

11. Valuer's Credential

The valuation is performed by Richard Yap who is a senior corporate advisory executive with more than 10 years of experience in M&A, valuation of business, financial instruments and intangible assets and has worked extensively throughout Asia Pacific. He has demonstrable success across Valuations, Advisory and Capital Markets. Currently based in Singapore, Richard leads the Business Valuation team for C&W throughout Singapore and South East Asia. Richard is a Chartered Financial Analyst (CFA), Chartered Accountant (CA Singapore) as well as Chartered Valuer and Appraiser (CVA).

Signed for and on behalf of C&W.

Richard Yap

CFA, CA (Singapore), CVA

Director

Appendix 1 Limiting Conditions

The Report and/or Full Report is prepared subject to the following terms and conditions: -

1) The Report and/or Full Report is:

   a. restricted to the use by the client to whom the Report and/or Full Report is addressed;
   b. for the specific purpose stated therein; and
   c. for the sole purpose for which it was commissioned.

   Any reliance on its contents shall be made within a reasonable time from Valuation Date. We disclaim any liability arising from any reliance on the Report and/or Full Report by any other person or for any other purpose or beyond a reasonable time.

2) Neither the whole nor any part of the Report and/or Full Report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.

3) Where it is stated in the Report and/or Full Report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.

4) The values assessed in the Report and/or Full Report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation (where applicable). The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.

5) While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects (where applicable). We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order (where applicable).

6) Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments (where applicable). We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s) (where applicable).

7) Any plans that are included in the Report and/or Full Report are meant for identification purposes and to assist the client in visualising the subject property (where applicable). The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters (where applicable).

8) We have not taken into account of any plant and machinery in our valuation (where applicable).

9) We have not made any requisition for the Road Line Plan or for drainage proposal (where applicable). We have also not made any application for information/document in respect of

Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client (where applicable).

10) As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition (where applicable).

11) Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations (where applicable).

12) Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the Valuation Date, have already been fully paid (where applicable).

13) Our valuation further assumes that, as at the Valuation Date, there are no outstanding liabilities or charges attached to the property (ies) (where applicable).

14) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:

a) any direct loss of profit;

b) any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.

15) Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.

16) Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.

17) Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you (where applicable).

18) Subject to the provisions in these terms and conditions and in the letter of engagement, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) SGD500,000.00, whichever is lower.

19) We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise, or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

20) Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.

21) Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address the Report and/or Full Report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.

These fees are exclusive of GST & expenses (including the cost of re-addressing the Report and/or Full Report) and are subject to a minimum fee of SGD1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.

22) Where we consent to reliance on the Report and/or Full Report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.

23) Where you provide a copy of and/or permit another party or parties to rely upon the Report and/or Full Report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report and/or Full Report by any such unauthorised person or entity.

24) Save where we have consented to another party or other parties relying on the Report and/or Full Report in accordance with clauses 21 and 22, where the Report and/or Full Report is prepared or where we consent to the Report and/or Full Report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the Report and/or Full Report.

25) Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy (where applicable).

26) Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value (where applicable).

27) The Report and/or Full Report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of the Report and/or Full Report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

28)

a) The U.S. Foreign Corrupt Practices Act (the "FCPA") and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official's position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.

b) We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act ("Applicable Anti-Bribery Laws and Rules").

c) You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.

d) We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively "Applicable Sanctions/AML Rules").

e) You represent and warrant to us that you, and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.

f) In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a Target Group of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

NAUTICAWT LIMITED

(Company Registration No.: 201108075C)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be held by way of electronic means on Tuesday, 8 December 2020 at 12:00 p.m., for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolution set out below.

*All capitalised terms used in this Notice which are not defined shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 23 November 2020 (the "**Circular**").*

ORDINARY RESOLUTION:

THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF NAUTEC GROUP PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION

That:-

(a) pursuant to Rules 906(1)(a) and 1014(2) of the Catalist Rules, approval be and is hereby given, for the Company to enter into the Proposed Disposal pursuant to the terms and conditions of the SPA;

(b) the execution of the SPA by the Company be and is hereby confirmed, approved and ratified;

(c) the Directors be and are hereby authorised to from time to time amend, modify and/or supplement the terms of the Proposed Disposal and/or the SPA as such Directors or any of them may deem appropriate; and

(d) the Directors be and are hereby authorised to take such steps, approve all matters and enter into all such transactions, arrangements and agreements and execute all such documents and notices as may be necessary or expedient for the purposes of giving effect to the Proposed Disposal as such Directors or any of them may deem fit or expedient or to give effect to this ordinary resolution.

By Order of the Board of Directors of NauticAWT Limited

Chua Kern
Company Secretary
Singapore, 23 November 2020

Notes:

1. The EGM proceedings will be conducted via electronic means. Shareholders will not be allowed to attend the EGM in person. Shareholders will be able to (a) observe these proceedings through a "live" audiovisual webcast via their mobile phones, tablets or computers, or (b) listen to these proceedings through a "live" audio-only stream via telephone. In order to do the above, shareholders will have to follow these steps:

   (i) Shareholders who wish to observe or listen to the "live" audio-visual webcast or "live" audio-only stream must pre-register via the following link: https://www.nautec.com/egm-registration-link/, no later than 12:00 p.m. on 5 December 2020 (the "**Registration Deadline**") being not less than 72 hours before the time appointed for holding the EGM.

   (ii) Authenticated shareholders will receive an email containing a unique link to access the live audio-visual webcast via zoom or via their web browser.

   (iii) In the situation where the link does not work, Shareholders can also access the session via entering the webinar ID and password directly in the Zoom platform.

   (iv) Shareholders can access the audio-only stream of the EGM proceedings via the provided telephone number with webinar ID and a password.

   (v) Shareholders who have pre-registered by the Registration Deadline but did not receive the aforementioned email by 12:00 p.m. on 7 December 2020, (being 24 hours before the EGM) should contact Fann Loo via email at support@nautec.com.

   Shareholders MUST NOT forward the unique link, webinar ID or password to other persons.

2. Shareholders may also submit questions related to the resolution to be tabled for approval at the EGM.

   All questions must be submitted no later than 12:00 p.m. on 5 December 2020 (the "**Submission Deadline**") via egm.queries@nautec.com.

   The Company will endeavour to address substantial and relevant questions relating to the resolution to be tabled for approval at the EGM prior to the EGM and/or at the EGM.

   Please note that Shareholders will not be able to ask questions at the EGM and accordingly, it is important for Shareholders to submit their questions by the Submission Deadline.

3. Shareholders will not be able to vote online at the EGM. Instead, if Shareholders (whether individuals or corporates) wish to exercise their votes, they must submit a proxy form to appoint the chairman of the EGM (the "**EGM Chairman**") to vote on their behalf.

   Shareholders (whether individuals or corporates) appointing the EGM Chairman as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.

   The proxy form must be submitted to the Company through any one of the following means:

   (i) by depositing a physical copy at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

   (ii) by sending a copy by email to sg.is.proxy@sg.tricorglobal.com,

   in either case, by 12:00 p.m. on 6 December 2020 (being not less than 48 hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   Shareholders who hold their shares through relevant intermediaries (including CPFIS Members or SRS investors) and who wish to exercise their votes by appointing the EGM Chairman as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions by 12:00 p.m. on 26 November 2020.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to

submit completed proxy forms electronically via email.

4. The Circular has been published via SGXNET on 23 November 2020 and the corporate website at www.nautec.com. No printed copies of the Circular, Notice of EGM and the proxy form will be despatched to Shareholders.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the EGM Chairman as proxy to vote at the EGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the EGM via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the EGM in accordance with this Notice of EGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents) of proxy forms appointing the EGM Chairman as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the EGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before or at the EGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the EGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the EGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the EGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

NAUTICAWT LIMITED
(Company Registration No.: 201108075C)
(Incorporated in the Republic of Singapore)

EXTRAORDINARY GENERAL MEETING
PROXY FORM

A printed copy of this proxy form will NOT be despatched to members of the Company.

Important:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the EGM (as defined herein) are set out in the Notice of EGM dated 23 November 2020.
2. A member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. For investors who have used their SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. Please read the notes to this proxy form.

I/We, _____ (Name) _____ (NRIC No./Passport No./Company Registration No.) _____ of _____ (Address) being a *member/members of NAUTICAWT LIMITED (the "**Company**"), hereby appoints the Chairman of the extraordinary general meeting of the Company (the "**EGM**"), as *my/our proxy to vote for *me/us on *my/our behalf at the EGM to be held by way of electronic means on Tuesday, 8 December 2020 at 12:00 p.m. and at any adjournment thereof. *I/We direct the Chairman of the EGM to vote for or against, or abstain from voting on the Resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM as *my/our proxy will be treated as invalid.

All resolutions put to the vote at the EGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain", please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" in the box provided as appropriate. If you mark an "X" in the abstain box, you are directing your proxy, who is the Chairman of the EGM, not to vote on the Resolution.

ORDINARY RESOLUTION	**No. of Shares For**	**No. of Shares Against**	**Abstain**
To approve the Proposed Disposal			

Dated this _____ day of _____ 2020

Total No. of Shares in	**No. of Shares**
CDP Register	
Register of Members	

_____
Signature of Member(s) or,
Common Seal of Corporate Member

** Delete as appropriate*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the EGM as proxy shall be deemed to relate to all the Shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the EGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. This instrument appointing the Chairman of the EGM as proxy must be submitted to the Company through any one of the following means:

   (i) by depositing a physical copy at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; or

   (ii) by sending a copy by email to sg.is.proxy@sg.tricorglobal.com,

   in either case, by 12:00 p.m. on 6 December 2020 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.

   (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.

   (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

5. Shareholders who hold their shares through relevant intermediaries[1] (including CPFIS Members or SRS investors) and who wish to exercise their votes by appointing the EGM Chairman as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Operators) to submit their voting instructions by 12:00 p.m. on 26 November 2020.

[1] A relevant intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Chapter 289 of Singapore) and who holds shares in that capacity; or
(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the EGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms as set out in the Notice of Extraordinary General Meeting dated 23 November 2020.