

OFFER DOCUMENT DATED 26 MAY 2014

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

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

PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) is acting for and on behalf of Ralec Electronic Corporation (“**Offeror**”) and does not purport to advise the shareholders (“**Shareholders**”) of ASJ Holdings Limited (“**Offeree**”) or any other person. In preparing its letter to Shareholders on behalf of the Offeror, PPCF has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any Shareholder.

If you have sold or transferred all of your issued and paid-up ordinary shares in the capital of the Offeree (the “**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation (“**FAA**”) to the purchaser or the transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer (“**FAT**”) to the purchaser or the transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or the transferee.

The views of the Independent Directors (as defined herein) of the Offeree and the independent financial adviser to the Independent Directors of the Offeree on the Offer will be made available to you in due course. You may wish to consider their views before taking any action in relation to the Offer.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

VOLUNTARY CONDITIONAL CASH OFFER

by



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

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

for and on behalf of

旺詮股份有限公司



Quality, Service, Innovation

RALEC ELECTRONIC CORPORATION

(Company Registration No.: 22101050)
(Incorporated in Taiwan, R.O.C.)

to acquire all of the issued and paid-up ordinary shares in the capital of

ASJ HOLDINGS LIMITED

(Incorporated in Singapore)
(Company Registration No.: 199601740N)

excluding those held by the Offeree as treasury shares and other than those held directly or indirectly by
Ralec Electronic Corporation

ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 23 JUNE 2014 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

NOTICE IS HEREBY GIVEN THAT THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER PRICE, EXCEPT THAT THE OFFEROR RESERVES THE RIGHT TO DO SO IN A COMPETITIVE SITUATION.

The procedures for acceptance are set out in **Appendix 2** to this Offer Document, and in the accompanying FAA and/or FAT (as applicable).

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DEFINITIONS

Unless otherwise defined or where the context otherwise requires, the following definitions shall apply throughout this Offer Document, the FAA and the FAT:

“Acceptance Forms”	: The FAA and FAT
“ACRA”	: Accounting and Corporate Regulatory Authority of Singapore
“AGM”	: Annual General Meeting
“CDP”	: The Central Depository (Pte) Limited
“Closing Date”	: 5.30 p.m. (Singapore Time) on 23 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last date and time for the lodgement of acceptances for the Offer
“Code”	: The Singapore Code on Take-overs and Mergers
“Committed Shares”	: Shall have the meaning ascribed to it in paragraph 4.1 of this Offer Document
“Companies Act”	: Companies Act, Chapter 50 of Singapore
“Compulsory Acquisition”	: Shall have the meaning ascribed to it in paragraph 6.2 of this Offer Document
“CPF”	: Central Provident Fund of Singapore
“CPF Agent Banks”	: Agent banks included under the CPFIS (namely, DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited)
“CPFIS”	: CPF Investment Scheme
“CPFIS Investors”	: Investors who have purchased Shares using their CPF account savings under the CPFIS
“Despatch Date”	: 26 May 2014, being the date of despatch of this Offer Document
“Encumbrance”	: Shall have the meaning ascribed to it in paragraph 2.2 of this Offer Document
“FAA”	: Form of Acceptance and Authorisation which forms part of this Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“FAT”	: Form of Acceptance and Transfer which forms part of this Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
“FY”	: Financial year ended or ending (as the case may be) 31 December of a particular year as stated
“Independent Directors”	: Directors of the Offeree who are considered independent for the purposes of the Offer

“Irrevocable Undertakings”	: Shall have the meaning ascribed to it in paragraph 4.1 of this Offer Document
“Latest Practicable Date”	: 19 May 2014, being the latest practicable date prior to the printing of this Offer Document
“Listing Manual”	: The listing manual of the SGX-ST
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Minimum Acceptances Threshold”	: Shall have the meaning ascribed to it in paragraph 5 of this Offer Document
“Minimum Acceptance Condition”	: Shall have the meaning ascribed to it in paragraph 5 of this Offer Document
“Non-Assenting Shareholders”	: Shall have the meaning ascribed to it in paragraph 6.2 of this Offer Document
“Offer”	: Has the meaning ascribed to it in paragraph 1 of this Offer Document
“Offer Announcement”	: The announcement of the Offer on the Offer Announcement Date released by PPCF, for and on behalf of the Offeror, in relation to the Offer
“Offer Announcement Date”	: 7 May 2014, being the date of the Offer Announcement
“Offer Document”	: This document in respect of the Offer dated 26 May 2014 and any other document(s) which may be issued by or on behalf of the Offeror to amend, revise, supplement or update this document(s) from time to time
“Offer Period”	: The period from the Offer Announcement Date until the date the Offer is declared to have closed or lapsed
“Offer Price”	: S\$0.065 in cash for each Offer Share
“Offer Shares”	: All the Shares excluding those held by the Offeree as treasury shares and those held directly or indirectly by the Offeror as at the date of the Offer
“Offeree”	: ASJ Holdings Limited
“Offeree Group”	: The Offeree and its subsidiaries
“Offeror”	: Ralec Electronic Corporation
“Offeror Group”	: The Offeror and its subsidiaries
“Overseas Shareholder”	: Shall have the meaning ascribed to it in paragraph 12.1 of this Offer Document
“PPCF”	: PrimePartners Corporate Finance Pte. Ltd.
“Receiving Agent”	: Boardroom Corporate & Advisory Services Pte. Ltd.
“Register”	: The register of members of the Offeree maintained by Boardroom Corporate & Advisory Services Pte. Ltd.

“Relevant Day”	: Shall have the meaning ascribed to it in Section 2.1 of Appendix 1 to this Offer Document
“Relevant Person”	: Shall have the meaning ascribed to it in paragraph 10.1 of this Offer Document
“Relevant Securities”	: Shall have the meaning ascribed to it in paragraph 10.1 of this Offer Document
“Restricted Jurisdiction”	: Shall have the meaning ascribed to it in paragraph 12.1 of this Offer Document
“Securities Account”	: A securities account maintained by a Depositor with CDP
“SFA”	: The Securities and Futures Act, Chapter 289 of Singapore
“SGXNET”	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	: Issued and paid-up ordinary shares in the capital of the Offeree
“SIC”	: The Securities Industry Council of Singapore
“Undertaking Shareholders”	: The persons who have given the Irrevocable Undertakings and as identified in paragraph 4.1 of this Offer Document
“VWAP”	: Volume weighted average price per Share on the SGX-ST
“S\$” and “cents”	: Singapore dollars and cents, respectively, being the lawful currency of Singapore
“TWD”	: New Taiwan Dollar, being the lawful currency of Taiwan, Republic of China
“%”	: Percentage or per centum

In this Offer Document:

- (i) The expressions **“acting in concert”** and **“associates”** shall have the meanings ascribed to them, respectively, in the Code. The expressions **“subsidiaries”** and **“related corporation”** shall have the meanings ascribed to them in Sections 5 and 6 of the Companies Act.
- (ii) The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in the Companies Act.
- (iii) Save as otherwise defined and if the context otherwise requires, the terms **“convertible securities”**, **“derivative”** and **“options”** shall have the meanings ascribed to them in the Code.

- (iv) References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement by PPCF or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.
- (v) Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.
- (vi) The headings in this Offer Document are inserted for convenience only and shall not affect the construction of this Offer Document.
- (vii) References to “**Offer Document**” shall include the FAA and the FAT, unless the context otherwise requires.
- (viii) Any discrepancies in figures included in this Offer Document between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Offer Document may not be arithmetic aggregations of the figures that precede them.
- (ix) Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual or that modification thereof, as the case may be, unless the context otherwise requires.
- (x) References to “**you**”, “**your**” and “**yours**” in this Offer Document are, as the context so determines, to Shareholders.
- (xi) Any reference to a time of the day and date in this Offer Document shall be a reference to Singapore time and date respectively, unless otherwise specified.
- (xii) Any reference in this Offer Document to the total number of Shares is a reference to a total of 272,286,146 Shares in issue as at the Latest Practicable Date based on the electronic instant information search results from ACRA in respect of the Offeree on the Latest Practicable Date, unless the context otherwise requires.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Offer Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’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 and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor PPCF guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

LETTER TO SHAREHOLDERS



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 2002073890)
(Incorporated in Singapore)

26 May 2014

To: The Shareholders of ASJ Holdings Limited

Dear Sir/Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY PPCF, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

On 7 May 2014, PPCF announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer ("**Offer**") for the Offer Shares in accordance with Rule 15 of the Code on the terms and conditions set out in **paragraphs 2 and 5** in this Offer Document, the FAA and/or the FAT. A copy of the Offer Announcement is available on the SGX-ST website at <http://www.sgx.com>.

For and on behalf of the Offeror, PPCF is pleased to make this Offer for the Offer Shares held by Shareholders, on the terms and conditions set out in **paragraphs 2 and 5** below. This Offer Document contains the formal offer by PPCF, for and on behalf of the Offeror, for the Offer Shares. **Shareholders are urged to read this Offer Document carefully and to properly consider the Offer.**

2. THE OFFER

2.1 Terms of the Offer

PPCF hereby offers, for and on behalf of the Offeror, to acquire all the Offer Shares in accordance with Section 139 of the SFA and the Code and subject to the terms and conditions set out in this Offer Document, the FAA and/or the FAT (as the case may be).

2.2 Offer Price

The price for each Offer Share is as follows:

For each Offer Share: S\$0.065 in cash.

The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation.

The Offer Shares are to be acquired:

- (a) fully paid;
- (b) free from any liens, equities, mortgages, debentures, charges, pledges, title retention, encumbrances, security interests, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever ("**Encumbrance**"); and

- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights, distributions, returns of capital and any other entitlements which may be declared, paid or made by the Offeree on or after the Offer Announcement Date. **If any dividend, right, distribution, return of capital or other entitlement is declared, paid or made by the Offeree on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer, the Offeror reserves the right to reduce the Offer Price payable to the relevant accepting Shareholder by the amount of such dividend, right, distribution, return of capital or other entitlement.**

2.3 Offer Shares

The Offer is extended on the same terms and conditions to all new Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Offer, of any outstanding convertible securities which have been issued by the Offeree. For the purposes of this Offer, the expression “**Offer Shares**” shall include such Shares.

As at the Latest Practicable Date, as far as the Offeror is aware, there are no outstanding convertible securities validly issued by the Offeree.

2.4 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as (or, as the case may be, on behalf of) their beneficial owner(s), and that they are (a) fully paid, (b) free from any Encumbrances, and (c) transferred together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights, other distributions and returns of capital and any other entitlements (if any) which may be declared, paid or made by the Offeree on or after the Offer Announcement Date.

2.5 Duration of the Offer

(a) First Closing Date

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

The Offer will close at 5.30 p.m. on 23 June 2014 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Subsequent Closing Date(s)

Pursuant to Rule 22.4 of the Code, if there is an extension of the Offer and the Offer:

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

(c) No Obligation to Extend the Offer

The Offeror is not obliged to extend the Offer if the condition specified in **paragraph 5** of this Offer Document is not fulfilled by the Closing Date or any subsequent closing date(s).

(d) **Offer to Remain Open for 14 Days after Being Declared Unconditional as to Acceptances**

Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared to be unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed ("**Rule 22.6 Period**"), in order to give Shareholders who have not accepted the Offer the opportunity to do so.

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

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

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with Rule 28.1 of the Code, the Rule 22.6 Period will run from the date of such confirmation (if given) or the date on which the Offer would otherwise have closed, whichever is later.

(e) **Final Day Rule**

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of:

- (i) becoming or being declared unconditional as to acceptances after 5.30 p.m. on the 60th day after the Despatch Date; or
- (ii) being kept open after the expiry of such 60-day period unless it has previously become or been declared to be unconditional as to acceptances,

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior approval. The SIC will normally grant such permission in circumstances including but not limited to where a competing offer has been announced.

(f) **Revision**

Although no revision of the Offer Price is contemplated by the Offeror (except that the Offeror reserves the right to do so in a competitive situation), pursuant to Rule 20.1 of the Code, if the Offer is revised, it will remain open for acceptance for at least 14 days from the date of posting of the written notification of the revision to Shareholders. In any case, where the terms of the Offer are revised, all Shareholders, including those who had previously accepted the Offer, will receive the benefit of the Offer (as so revised).

(g) **Time for Fulfilment of Other Conditions**

Except with the consent of SIC, all conditions of the Offer must be fulfilled or the Offer must lapse within 21 days of the first Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later. The only condition to the Offer is set out in **paragraph 5** below.

2.6 Details of the Offer

Appendix 1 to this Offer Document sets out further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer.

2.7 Procedures for Acceptance

The procedures for acceptance of the Offer are set out in **Appendix 2** to this Offer Document and the accompanying FAA and/or FAT.

3. FINANCIAL EVALUATION OF THE OFFER

3.1 Attractiveness of the Offer

The Offeror is making the Offer at a premium over the historical traded prices of the Shares as highlighted in **paragraph 3.2** below. The Offeror believes that the Offer represents an attractive proposition to the Shareholders to realise all or part of their investment in the Shares for cash, particularly in the context of the low historical trading volume in the Shares as highlighted in **paragraph 3.2** below.

Shareholders are advised to read this paragraph in conjunction with the rest of this Offer Document, including the Offeror's rationale for the Offer.

3.2 Premium of Offer Price over Historical Traded Prices of the Shares

The Offer Price represents the following premium over the historical traded prices of the Shares:

Description	Benchmark Price ⁽¹⁾ (S\$)	Premium over Benchmark Price (%)
Last traded price of the Shares on the Mainboard of SGX-ST on 7 May 2014 (being the last full day of trading of the Shares prior to the Offer Announcement)	0.055	18.18
VWAP for the one (1)-month period preceding the Offer Announcement	0.045	43.73
VWAP for the three (3)-month period preceding the Offer Announcement	0.042	55.42
VWAP for the six (6)-month period preceding the Offer Announcement	0.040	62.04
VWAP for the twelve (12)-month period preceding the Offer Announcement	0.048	35.79

Note:

- (1) The VWAPs set out in paragraph 3.2 of this Offer Document are based on data extracted from Bloomberg L.P. and the website of the SGX-ST as at 7 May 2014 and the respective premiums are computed based on VWAPs rounded to the nearest three decimal places.

4. IRREVOCABLE UNDERTAKINGS

- 4.1 As at the Latest Practicable Date, the Offeror has received irrevocable undertakings (each, an **"Irrevocable Undertaking"** and collectively, the **"Irrevocable Undertakings"**) from certain Shareholders (**"Undertaking Shareholders"**) to accept the Offer in respect of all the Shares legally and/or beneficially owned by each Undertaking Shareholder respectively including any other Shares or securities in the capital of the Offeree acquired after the date of the Irrevocable Undertakings (**"Committed Shares"**).

- 4.2 A list of the Undertaking Shareholders and the details of the number of Committed Shares held by them as at the Latest Practicable Date are as follows:

Name of Shareholder	Number of Committed Shares	Percentage of Shares as at the Latest Practicable Date ⁽¹⁾ (%)
Chen Tie-Min (陳泰銘) ⁽²⁾	73,065,258	26.83
Chia Soon Loi	30,484,892	11.20
Seah Eng Lam	16,133,881	5.93
Hung Tai Investment Holdings (寰泰有限公司)	12,556,800	4.61
Hsieh Tsuei-Lien (謝垂蓮) ⁽³⁾⁽⁴⁾	11,202,200	4.11
Total	143,443,031	52.68⁽⁵⁾⁽⁶⁾

Notes:

- (1) Based on 272,286,146 Shares in issue as reflected in the electronic instant information search results from the ACRA in respect of the Offeree on the Latest Practicable Date. The figures are rounded to the nearest two decimal places.
- (2) Based on the Annual Report of the Offeree for FY2013, Mr Chen Tie-Min's indirect interest comprises 73,065,258 Shares held by Citibank Nominees Singapore Pte. Ltd. as nominees and which are beneficially held jointly by Mr Chen Tie-Min and his wife, Ms Lee Hwei-Jan.
- (3) Ms Hsieh Tsuei-Lien's indirect interest comprises 11,202,200 Shares registered in the name of Citibank Nominees Singapore Pte. Ltd. as nominees for the account of Ms Hsieh Tsuei-Lien.
- (4) Based on updated information received by the Offeror since the Offer Announcement Date, the number of Committed Shares held by Ms Hsieh Tsuei-Lien as at the Offer Announcement Date and the Latest Practicable Date is 11,202,200 Shares, instead of 12,202,200 Shares as set out in the Offer Announcement.
- (5) The discrepancy between the amounts shown and the total thereof is due to rounding. Accordingly, the figure shown as the total is not an arithmetic aggregation of the figures preceding it.
- (6) Please see note (4) above explaining the difference in percentage set out in this Offer Document as 52.68% and in the Offer Announcement as 53.05%.

- 4.3 As at the Latest Practicable Date, the aggregate number of Committed Shares held by the Undertaking Shareholders amounted to 143,443,031 Shares, representing approximately 52.68% of the Shares in issue as at the Latest Practicable Date¹. Upon receipt of valid acceptances from the Undertaking Shareholders pursuant to the Irrevocable Undertakings, the Minimum Acceptances Threshold (as defined in **paragraph 5** below) will be fulfilled and the Offer will be declared unconditional in all respects.

- 4.4 The Irrevocable Undertakings shall lapse and be of no further force and effect if, for whatever reason (other than as a result of a breach by the Undertaking Shareholders of any of their obligations under the Irrevocable Undertakings):

- (a) PPCF, for and on behalf of the Offeror, does not announce the Offer by 11.59 p.m. on 7 May 2014; or
- (b) the Offer is withdrawn or lapses,

whichever is earlier. Save as aforementioned, the Irrevocable Undertakings remain in full force and effect.

- 4.5 Under the Irrevocable Undertakings, the Undertaking Shareholders are obliged to accept the Offer (as long as it is made and not withdrawn by the Offeror) provided that there is no other offer for the Shares at a higher price than the Offer Price.

¹ Based on 272,286,146 Shares in issue as reflected in the electronic instant information search results from the ACRA in respect of the Offeree on the Latest Practicable Date.

- 4.6 Pursuant to the Irrevocable Undertakings, the Undertaking Shareholders are required to tender their acceptances of the Offer, when made, no later than 5.00 p.m. (Singapore time) on the date falling three (3) market days after the date on which the Offer Document is despatched to Shareholders or on such later date as shall be agreed with the Offeror in accordance with the procedures to be prescribed in the Offer Document and the relevant accompanying form(s) of acceptance and letter of acceptance (if any).
- 4.7 Save as disclosed in this Offer Document, neither the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any holder of Offer Shares to accept or reject the Offer as at the Latest Practicable Date.

5. **CONDITION TO THE OFFER**

The Offer is subject to the following condition ("**Minimum Acceptance Condition**"):

Minimum Acceptance Condition

The Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying not less than 50% of the total number of issued Shares as at the close of the Offer (including any voting rights attributable to Shares issued or to be issued pursuant to the valid exercise of any outstanding convertible securities which have been issued by the Offeree prior to the closing date of the Offer) ("**Minimum Acceptances Threshold**").

Other than the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

As stated in paragraph 4 above, the aggregate number of Committed Shares held by the Undertaking Shareholders amounts to 143,443,031 Shares, representing approximately 52.68% of the Shares in issue as at the Last Practicable Date. Upon receipt of valid acceptances from the Undertaking Shareholders pursuant to the Irrevocable Undertakings, the Minimum Acceptances Threshold will be fulfilled and the Offer will be declared unconditional in all respects.

6. **LISTING STATUS AND COMPULSORY ACQUISITION**

6.1 **Listing Status**

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held by the Offeree as treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held by the Offeree as treasury shares) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held by the Offeree as treasury shares), thus causing the percentage of the total number of issued Shares (excluding any Shares held by the Offeree as treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the Closing Date.

Under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10%, the Offeree must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Offeree a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Offeree may be delisted.

In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to undertake or support any action for any such listing suspension by the SGX-ST to be lifted. It is the intention of the Offeror to privatise the Offeree and to delist the Offeree from the Official List of the SGX-ST, should the option be available to the Offeror.

6.2 Compulsory Acquisition under Section 215(1) of the Companies Act

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held by the Offeree as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Non-Assenting Shareholders**") at a price equal to the Offer Price ("**Compulsory Acquisition**"). In such an event, the Offeror intends to exercise its rights of Compulsory Acquisition.

6.3 Non-Assenting Shareholders' Rights under Section 215(3) of the Companies Act

Non-Assenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations, or their respective nominees acquire, pursuant to the Offer or otherwise, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares (excluding any Shares held by the Offeree as treasury shares) as at the close of the Offer. Non-Assenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

6.4 Offeror's Intentions

The Offeror intends to make the Offeree its wholly-owned subsidiary and does not intend to preserve the listing status of the Offeree. Accordingly, the Offeror, if entitled, intends to exercise its rights of Compulsory Acquisition and does not intend to take steps for the lifting of any trading suspension of the Shares by the SGX-ST in the event that, *inter alia*, less than 10% of the Shares (excluding any Shares held by the Offeree as treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Offeree from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

7. INFORMATION ON THE OFFEROR

7.1 The Offeror

The Offeror was incorporated in Taiwan, R.O.C on 2 December 1994 and was listed on the Taiwan Stock Exchange on 11 September 2000. As at the Latest Practicable Date, the issued share capital of the Offeror is TWD607,688,300 comprising 60,768,830 shares (including 2,000,000 shares held by the Offeror in treasury).

7.2 The Offeror Group

The Offeror, together with its subsidiaries ("**Offeror Group**") is a chip resistor and array professional manufacturer and has one (1) factory in Taiwan and one (1) factory in China. Examples of the products that the Offeror Group manufactures include thick film chip resistors, thin film chip resistors, thick film array (convex), thick film array (concave), thick film low-ohmic and thick film network.

As at the Latest Practicable Date, there are 60,768,830 shares in the issued capital of the Offeror (including 2,000,000 shares held by the Offeror in treasury), and Mr Chen Tie-Min is interested in respectively 5,900,598 shares, 2,215,542 shares, 7,456,722 shares, and 2,186,812 shares representing 9.71%, 3.64% 12.27% and 3.60% in the capital of the Offeror, held by Hsu Tai Investment Limited (旭泰新股份有限公司), Kuo Shin Investment Limited (國新投資股份有限公司), Yageo Corporation (國巨股份有限公司) and Shi Hen Enterprise Ltd (士亨興業有限公司). Each of Hsu Tai Investment Limited, Kuo Shin Investment Limited, Yageo Corporation and Shi Hen Enterprise Ltd are controlled by Mr Chen Tie-Min.

8. INFORMATION ON THE OFFEREE

The Offeree was incorporated in Singapore on 13 March 1996 and was listed on the SGX Sesdaq on 31 January 1997 and on the Mainboard of the SGX-ST on 15 July 2002. On 4 March 2014, the board of directors of the Offeree announced that it will be placed on the watch-list with effect from 5 March 2014. For further information, please refer to the Offeree's announcement on the website of the SGX-ST on 4 March 2014.

Based on information extracted from the website of the SGX-ST:

- The Offeree manufactures and distributes resistors and other essential electronic components to a diverse base of customers in the telecommunications, consumer electronics, computer and automotive industries;
- Complementing its manufacturing operations, the Offeree Group also distributes a comprehensive range of other electronic components which are complementary to the components manufactured by it; and
- Headquartered in Singapore, the Offeree Group has a manufacturing base in Malaysia. Through an extensive international network, the presence of the Offeree Group spans across Asia, Europe and the United States of America.

9. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE OFFEREE

- 9.1 The Offeror has been seeking acquisition and synergistic opportunities to expand its business and believes that the acquisition of the Offeree is in line with such expansion plans. The Offeror further believes that it will be able to derive synergistic benefits from acquiring the Offeree by creating a manufacturing partnership between the Offeror and the Offeree as the merged group will be able to leverage on the integrated manufacturing capabilities of the Offeror and the Offeree. The acquisition will also enable the Offeror to expand its production capacity by tapping on any unutilised production capacity of the Offeree's plants. The Offeror expects to be able to expand and enhance its distribution streams for its chip resistor and array products to strategic growth regions in South East Asia, for example, Singapore, Malaysia, Indonesia and Vietnam by acquiring the Offeree.
- 9.2 The trading volume of the Shares has been generally low, with an average trading volume of approximately 260,800 Shares, 127,508 Shares, 85,726 Shares and 97,913 Shares during the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period respectively up to 7 May 2014, being the last full day of trading of the Shares prior to the Offer Announcement. This represents approximately 0.10%, 0.05%, 0.03% and 0.04% of the issued Shares (excluding Shares held by the Offeree as treasury shares) as at the Offer Announcement Date². Accordingly, the Offeror believes that the Offer represents an attractive cash exit opportunity for Shareholders to realise their entire investment at a premium over the historically traded market prices of the Shares prior to the Offer Announcement as stated in **paragraph 3.1** above, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.
- 9.3 As noted in **paragraph 6.4** above, depending on the outcome of the Offer, the Offeror does not intend to preserve the listing status of the Offeree. The Offeror believes that by privatising the Offeree, the Offeror may obtain more flexibility to manage the business of the Offeree Group, optimise the use of management and other resources and facilitate the implementation of any operational changes.
- 9.4 Subject to normal business conditions, the Offeror does not intend to make changes to the management team of the Offeree. In the event that the Offeror obtains control of the Offeree, the Offeror would undertake, through participation in board meetings and the management of the Offeree, a strategic and operational review of the organisation, business and operations of the Offeree Group with a view to realising synergies and growth potential.

² Based on 272,286,146 Shares in issue as reflected in the electronic instant information search results from the ACRA in respect of the Offeree on 7 May 2014.

- 9.5 The Offeror has no current intention to (a) make any major changes to the business of the Offeree, (b) redeploy the fixed assets of the Offeree, or (c) discontinue the employment of the employees of the Offeree Group, other than in the normal course of business.
- 9.6 The Offeror intends to privatise the Offeree and to delist the Offeree from the Official List of the SGX-ST should the option arise, as the Offeror believes that the privatisation and delisting of the Offeree would allow the Offeree to save on the additional expenses relating to the maintenance of the Offeree's listing status and focus its resources on its business operations. If the Offeree is delisted, the Offeree will be able to dispense with costs associated with complying with listing and other regulatory requirements as well as human resources that have to be committed for such compliance. This will enable the Offeree to focus its resources on its business operations.
- 9.7 Nonetheless, the Offeror reserves the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeree.

10. DISCLOSURES OF HOLDINGS AND DEALINGS IN SHARES

10.1 No Holdings in Shares and Other Securities

Save as disclosed below, as at the Latest Practicable Date, neither the Offeror nor parties acting in concert with it (including the directors of the Offeror and PPCF) (each, a **"Relevant Person"** and collectively, the **"Relevant Persons"**), owns or controls any (a) Shares, (b) securities which carry voting rights in the Offeree, or (c) convertible securities, warrants, options or derivatives in respect of, such Shares or securities (**"Relevant Securities"**).

Name	Number of Shares			
	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Offeror Group				
Offeror	3,200,000	1.18	—	—
Directors of Offeror				
Liao Chen-Yi (廖震益)	—	—	—	—
Lin Tzong-Yeong (林宗勇) ⁽²⁾	—	—	—	—
Chen En (陳恩)	—	—	—	—
Tsai Shu-Chen (蔡淑貞)	—	—	—	—
Wang Pao-Yuan (王寶源)	—	—	—	—
Hu Te-Hua (胡德華)	—	—	—	—
Wu Yung-Lung (吳永龍)	—	—	—	—
Other Relevant Persons				
Chen Tie-Min (陳泰銘) ^{(2) (3)}	—	—	73,065,258 ⁽⁴⁾	26.83
PPCF	—	—	—	—

Notes:

- (1) Based on 272,286,146 Shares in issue as at the Latest Practicable Date as reflected in the electronic instant information search results from the ACRA in respect of the Offeree on the Latest Practicable Date. The figures are rounded to the nearest two decimal places.
- (2) Mr Lin Tzong-Yeong has been appointed to the board of directors of the Offeror as nominee director of Shi Hen Enterprise Ltd. Mr Chen Tie-Min and Mr Lin Tzong-Yeong are therefore presumed to be acting in concert with the Offeror.
- (3) As at the Latest Practicable Date, Mr Chen Tie-Min is interested in respectively 5,900,598 shares, 2,215,542 shares, 7,456,722 shares and 2,186,812 shares representing 9.71%, 3.64%, 12.27% and 3.60% in the capital of the Offeror, held by Hsu Tai Investment Limited (旭泰新股份有限公司), Kuo Shin Investment Limited (國新投資股份有限公司), Yageo Corporation (國巨股份有限公司) and Shi Hen Enterprise Ltd (士亨興業有限公司). Each of Hsu Tai Investment Limited, Kuo Shin Investment Limited, Yageo Corporation and Shi Hen Enterprise Ltd are controlled by Mr Chen Tie-Min.

- (4) Based on the Annual Report of the Offeree for the financial year ended 31 December 2013, Mr Chen Tie-Min's indirect interest comprises 73,065,258 Shares registered in the name of Citibank Nominees Singapore Pte. Ltd. as nominees for the joint account of Mr Chen Tie-Min and his wife, Ms Lee Hwei-Jan.

10.2 No Dealings in Shares

Save as disclosed in this Offer Document, neither the Offeror nor a Relevant Person has dealt for value in any Relevant Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

10.3 Irrevocable Undertakings

As at the Latest Practicable Date, save as disclosed in this Offer Document, neither the Offeror nor any Relevant Person has received any irrevocable undertaking from any holder of Offer Shares to accept or reject the Offer.

10.4 No Encumbrances

As at the Latest Practicable Date, based on the information available to the Offeror and each Relevant Person, neither the Offeror nor any Relevant Person has, in respect of the Relevant Securities, (i) granted a security interest to another person, whether through a charge, pledge or otherwise, (ii) borrowed from another person (excluding borrowed securities which have been on-lent or sold), or (iii) lent to another person.

11. CONFIRMATION OF FINANCIAL RESOURCES

PPCF, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer by the holders of the Offer Shares on the basis of the Offer Price.

12. OVERSEAS SHAREHOLDERS

12.1 Overseas Shareholders

The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP (each an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable requirements in their own jurisdictions. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, each of the Offeror and PPCF reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares, including those to whom this Offer Document, the FAA and/or the FAT have not been, or will not be, sent.

Copies of this Offer Document and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a “**Restricted Jurisdiction**”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

12.2 Overseas Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction in connection therewith (including the provision to him of such documents). Such Overseas Shareholder shall be liable for the payment of any such taxes, imposts, duties or other requisite payments payable and the Offeror and any other person acting on its behalf (including PPCF, CDP and the Receiving Agent) shall be fully indemnified and held harmless by such Overseas Shareholder for any taxes, imposts, duties or requisite payments that may be required to be paid. In (a) requesting for this Offer Document, the FAA and/or the FAT or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and PPCF that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities and legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.

12.3 Offer Document

The Offer is made solely on the basis of this Offer Document, the FAA and the FAT, which contain the full terms and conditions of the Offer, including details on how the Offer may be accepted. This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable laws. The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about, and observe, such restrictions.

12.4 Copies of the Offer Document, the FAA and the FAT

Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to Shareholders in any overseas jurisdiction, each of the Offeror and PPCF reserves the right not to send this Offer Document, the FAA and/or the FAT to such overseas jurisdiction. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain copies of this Offer Document, the FAA and/or the FAT, as the case may be, and any related documents, during normal business hours and up to the Closing Date, from (a) Ralec Electronic Corporation c/o CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, or as the case may be, (b) Ralec Electronic Corporation c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Copies of this Offer Document, the FAA and the FAT may also be downloaded from the SGX-ST website at <http://www.sgx.com>.

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write in to Ralec Electronic Corporation c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 to request for this Offer Document, the FAA and/or the FAT and any related document(s) to be sent to an address in Singapore by ordinary post at his own risk, provided always that the last date for despatch in respect of such request shall be a date falling three (3) Market Days prior to the Closing Date. It is the responsibility of any Overseas Shareholder who wishes to request for this Offer Document, the FAA and/or the FAT and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with other necessary formalities or legal requirements. In requesting for this Offer Document, the FAA and/or the FAT and any related documents the Overseas Shareholder represents and warrants to the Offeror and PPCF that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Each of the Offeror and PPCF reserves the right not to treat an acceptance or purported acceptance of the Offer in or from any overseas jurisdiction and/or in respect of an Overseas Shareholder as valid. Overseas Shareholders accepting the Offer should note that if they have, in the FAT, provided addresses in overseas jurisdictions for the receipt of remittances of payment by the Offeror, such acceptances may be rejected.

12.5 Notice

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

13. INFORMATION RELATING TO CPFIS INVESTORS

CPFIS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks in due course. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice.

CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared to be unconditional as to acceptances in accordance with its terms, CPFIS Investors who accept the Offer will receive the payment of the Offer Price for their Offer Shares in their CPF investment accounts.

14. GENERAL INFORMATION

14.1 Valid Acceptances

Each of the Offeror and PPCF reserves the right to treat acceptances of the Offer as valid, if received by or on behalf of any of them at any place or places determined by them otherwise than as stated in this Offer Document or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions herein and the instructions printed on the FAA and/or the FAT.

14.2 Governing Law and Jurisdiction

The Offer, this Offer Document, the FAA and/or the FAT, all acceptances of the Offer, all contracts made pursuant thereto and all actions taken, made or deemed to be taken or made in connection with any of the foregoing shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Shareholder who has accepted the Offer agree to submit to the non-exclusive jurisdiction of the Singapore courts.

14.3 No Third Party Rights

Unless expressly provided to the contrary in this Offer Document, the FAA and/or the FAT, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document, the FAA and/or the FAT has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contract, those rights are not assignable or transferable.

14.4 Independent Advice

The directors of the Offeree who are considered independent for the purposes of the Offer (the “**Independent Directors**”) and the independent financial adviser to the Independent Directors on the Offer will despatch a circular to Shareholders setting out their views on the Offer in due course and in any event, they are required under the Code to despatch their views within 14 days of the despatch of the Offer Document. Shareholders may wish to consider their advice before taking any action in relation to the Offer.

14.5 Accidental Omission

Accidental omission to despatch this Offer Document, the FAA and/or the FAT or any notice, announcement or advertisement required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.

14.6 General Information

Appendix 5 to this Offer Document sets out certain additional general information relating to the Offer. Your attention is drawn to Appendices 1 to 6 which form part of this Offer Document.

14.7 Letter from PPCF to Shareholders

PPCF is acting for and on behalf of the Offeror in connection with the Offer and does not purport to advise the Shareholders or any other person. In preparing their letter to Shareholders on behalf of the Offeror, PPCF has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any individual Shareholder.

15. DIRECTORS’ RESPONSIBILITY STATEMENT

The directors of the Offeror (including any who may have delegated detailed supervision of this Offer Document) collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm having made all reasonable enquiries that, to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Offer, the Offeror and its subsidiaries, and the directors are not aware of any facts, the omission of which would make any statement in this Offer Document misleading. Where any information has been extracted from published or otherwise publicly available sources (including, without limitation, in relation to the Offeree and its subsidiaries), the sole responsibility of the directors of the Offeror has been to ensure that such information has been accurately extracted from such sources and/or reproduced in this Offer Document in its proper form and context.

Issued by

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

For and on behalf of
RALEC ELECTRONIC CORPORATION
26 May 2014
Singapore

Any enquiries on this Offer Document or the Offer should be directed during office hours to:

PrimePartners Corporate Finance Pte. Ltd.

Mr Mah How Soon
Senior Director, Corporate Finance

Mr Leong Weng Tuck
Director, Corporate Finance

Tel: +65 6229 8088
Fax: +65 6229 8089

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DETAILS OF THE OFFER

1. SETTLEMENT

1.1 When Settlement is Due

Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms and to the receipt by the Offeror from accepting Shareholders of all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and the relevant FAA and/or FAT, as the case may be, and in the case of a Depositor, the receipt by the Offeror of confirmation satisfactory to it that the relevant number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time(s), the Offeror will, pursuant to Rule 30 of the Code, pay for the Offer Shares tendered in acceptance of the Offer as soon as practicable but in any event:

- (a) in respect of valid acceptances which are complete in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within 10 days of such date; or
- (b) in respect of valid acceptances which are complete in all respects and are received after the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within 10 days of the date of such receipt.

1.2 Method of Payment

Remittance of the Offer Price will be made in the form of S\$ crossed cheques drawn on a bank in Singapore (or by such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions) for the appropriate amounts and will be sent to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post to their addresses as they appear in the Register (in the case of scrip shareholders) or the records of the CDP (in the case of Depositors) at their own risk or in such other manner as the accepting Shareholders who are Depositors may have agreed with CDP for payment of any cash distributions.

2. ANNOUNCEMENTS

2.1 Timing and Contents

Pursuant to Rule 28.1 of the Code, by 8.00 a.m. on the Market Day (“**Relevant Day**”) immediately after the day on which the Offer is due to expire, or becomes or is declared to be unconditional as to acceptances, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;
- (b) held by the Offeror and any parties acting in concert with it before the commencement of the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror and any parties acting in concert with it during the Offer Period,

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

Under Note 5 on Rule 28.1 of the Code, purchases made through the SGX-ST by the Offeror and parties acting in concert with it with no pre-agreement or collusion between the parties to such transactions or their agents, may be counted towards satisfying the acceptance condition. All other purchases by the Offeror and parties acting in concert with it (i.e. off market purchases) may only be counted when fully completed and settled.

2.2 **Suspension**

If the Offeror is unable, within the time limit, to comply with any of the requirements of Section 2.1 of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

2.3 **Valid Acceptance of Shares**

Subject to **paragraph 14.1** of this Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid for the purposes of the acceptance condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

2.4 **Announcements**

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

3. **RIGHT OF WITHDRAWAL**

3.1 **Acceptances Irrevocable**

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

3.2 **Right of Withdrawal**

A Shareholder who has accepted the Offer may:

- (a) withdraw his acceptance immediately if the Offer has become or been declared unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in Section 2.1 of this **Appendix 1** by 3.30 p.m. on the Relevant Day. Subject to Rule 22.9 of the Code (Final Day rule), the Offeror may terminate this right of withdrawal not less than eight (8) days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with the requirements set out in Section 2.1 of this **Appendix 1**;
- (b) withdraw his acceptance after 14 days from the first Closing Date if the Offer has not by then become or been declared unconditional as to acceptances. This right of withdrawal may be exercised until such time as the Offer becomes or is declared unconditional as to acceptances; and
- (c) withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such competing offer immediately.

3.3 Method of Withdrawal

To withdraw his acceptance, an accepting Shareholder:

- (a) holding Offer Shares which are deposited with CDP must give written notice to Ralec Electronic Corporation, c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588; or
- (b) holding Offer Shares which are not deposited with CDP must give written notice to Ralec Electronic Corporation, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Such notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing, and when actually received by the Offeror. Where an agent is appointed by a Shareholder, evidence of appointment of the agent must be produced in a form satisfactory to the Offeror.

PROCEDURES FOR ACCEPTANCE

1. DEPOSITORS

1.1 Depositors whose Securities Accounts are credited with Offer Shares

If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Offer Document together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**.

1.1.1 Acceptance

If you wish to accept the Offer, you should:

- (a) complete the FAA in accordance with the provisions in this Offer Document and the instructions printed on the FAA. In particular, you must state in Part A of Section A of the FAA, the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which you wish to accept the Offer. Subject to Section 1.2 of this **Appendix 2**, if you:

- (i) do not specify such number; or
- (ii) specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the date of receipt of the FAA by CDP, for and on behalf of the Offeror (“**Date of Receipt**”) or in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date),

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

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

so as in either case to arrive not later than 5.30 p.m. on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.

If you have sold or transferred all your Shares held through CDP, you need not forward this Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will, for and on behalf of the Offeror, arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. Purchasers of the Offer Shares should note that CDP will, for and on behalf of the Offeror, send a copy of this Offer Document and the FAA by ordinary post at the purchasers' own risk to their respective mailing addresses as they appear in the records of CDP.

1.2 Depositors whose Securities Accounts will be credited with Offer Shares

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

1.2.1 Acceptance

If you wish to accept the Offer, you should, **after** the "Free Balance" of your Securities Account has been credited with such number of Offer Shares:

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

so as in either case to arrive not later than 5.30 p.m. on the Closing Date.

If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the enclosed pre-addressed envelope if posting from outside of Singapore.

1.2.2 Rejection

If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been, or will not be, credited to the "Free Balance" of your Securities Account (for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected, and none of CDP, PPCF and the Offeror (nor for the avoidance of doubt, any of the Offeror's related entities) accepts any responsibility or liability for such a rejection, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares will be rejected if the "Free Balance" of your Securities Account is not credited with such Offer Shares by 5.00 p.m. on the Date of Receipt or by 5.30 p.m. on the Closing Date (if the FAA is received by CDP on the Closing Date). None of CDP, PPCF and the Offeror (nor for the avoidance of doubt, any of the Offeror's related entities) accepts any responsibility or liability for such a rejection, including the consequences thereof.

1.3 Depositors whose Securities Accounts are and will be credited with Offer Shares

If you have Offer Shares credited to the “Free Balance” of your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account, but in respect of the additional Offer Shares purchased which are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Offer in respect of such additional Offer Shares only after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares. The provisions set out above shall apply in the same way to your acceptance of the Offer in respect of such additional Offer Shares.

1.4 Acceptance via SGX-SSH service

Depository Agents may accept the Offer via the SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (“**Electronic Acceptance**”). Such Electronic Acceptances must be submitted **not later than 5.30 p.m. on the Closing Date**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the Offer Document and the FAA as if the FAA had been properly completed in all respects and delivered to CDP.

1.5 General

All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post (at your own risk) to your mailing address as it appears in the records of CDP. **No acknowledgement will be given for submissions of the FAAs made by hand or by post to CDP or deposited into boxes located at CDP’s premises.** For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify the number of Offer Shares in your Securities Account (i) through CDP Online if you have registered for the CDP Internet Access Service, or (ii) through CDP Phone Service if you have a T-PIN. Alternatively, you may proceed to CDP in person with your identity card or passport to verify the number of Offer Shares credited to your Securities Account.

1.6 Suspense Account

Upon receipt of the FAA (and any other relevant documents) which is complete and valid in all respects, CDP will take such measures as it may consider necessary and expedient to prevent any trading of the Offer Shares in respect of which you have accepted the Offer during the period commencing on the Date of Receipt and ending on the date of settlement of the consideration for such Offer Shares in the event of the Offer becoming or being declared to be unconditional in all respects in accordance with its terms (including, without limitation, earmarking, blocking and/or transferring the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a “Suspense Account”). Such Offer Shares will be held in the “Suspense Account” until the consideration for such Offer Shares has been despatched to you.

1.7 Offer unconditional in all respects

If the Offer becomes or is declared unconditional in all respects in accordance with its terms, and if you have accepted the Offer in accordance with the provisions of this Offer Document and in the FAA, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a cheque in Singapore currency drawn on a bank in Singapore for the appropriate amount and sent by ordinary post (at your own risk) to your mailing address as recorded with CDP, or in such other manner as you may have agreed with CDP for the payment of any cash distributions.

1.8 Return of Offer shares

In the event that the Offer does not become or is not declared unconditional in all respects in accordance with its terms, CDP will return the relevant number of Offer Shares in respect of which you have accepted the Offer to the “Free Balance” of your Securities Account as soon as possible but, in any event, not later than 14 days from the lapse of the Offer.

1.9 No Securities Account

If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

2. SCRIP SHAREHOLDERS

2.1 Shareholders whose Offer Shares are not deposited with CDP

If you hold Offer Shares which are not deposited with CDP ("**in scrip form**"), you should receive this Offer Document together with the FAT.

2.1.1 Acceptance

If you wish to accept the Offer, you should:

- (a) complete the FAT in accordance with the provisions in this Offer Document and the instructions printed on the FAT. In particular, you must state in Part (A) of the FAT the number of Offer Shares in respect of which you wish to accept the Offer and state in Part (B) the share certificate number(s) of the relevant share certificate(s). If you:

- (i) do not specify a number in Part (A); or
 - (ii) specify a number in Part (A) which exceeds the number of Offer Shares represented by the attached share certificate(s),

you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the share certificate(s) accompanying the FAT;

- (b) sign the FAT in accordance with this Offer Document and the instructions printed on the FAT, and deliver:

- (i) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);
 - (ii) the share certificate(s), other document(s) of title and/or any other relevant document(s) required by the Offeror relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Offeree to issue such share certificate(s) in accordance with the Memorandum and Articles of Association of the Offeree and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT; and
 - (iii) where such Offer Shares are not registered in your name, you may send in, at your own risk, the relevant shares certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, accompanied by a transfer form, duly executed by the person in whose name such shares certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it),

either **by hand** to Ralec Electronic Corporation, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or **by post**, in the enclosed pre-addressed envelope at your own risk, to Ralec Electronic Corporation, c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, **so as in either case to arrive not later than 5.30 p.m. on the Closing Date**. If the completed and signed FAT is delivered by post to the Offeror, please use the

enclosed pre-addressed envelope which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside Singapore.

If your share certificate(s), transfer form(s) and/or any other relevant document(s) required by the Offeror is/are not readily available or is/are lost, please contact Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

2.1.2 Receipt

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

2.2 Return of Offer Shares

If the Offer does not become or is not declared unconditional in all respects, the FAT, the share certificate(s), other document(s) of title, transfer form(s) and any other document(s) will be returned to you as soon as possible but, in any event, not later than 14 days from the lapse of the Offer.

3. GENERAL

3.1 Disclaimer

The Offeror, PPCF, CDP and the Receiving Agent (as the case may be) will be entitled, at their sole and absolute discretion, to reject any acceptances which are not entirely in order or which do not comply with the provisions and instructions of this Offer Document and the FAA and/or the FAT (as applicable), or which is not accompanied by the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror, or which are otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or FAT (as applicable) is properly completed in all respects and all required supporting documents, where applicable, are provided. Any decision to reject any acceptance will be final and binding and none of the Offeror, PPCF, CDP and the Receiving Agent accepts any responsibility or liability in relation to such a decision, including the consequences thereof.

3.2 Discretion

Each of the Offeror and PPCF reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place(s) determined by them otherwise than as stated in this Offer Document or in the FAA and/or FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and in the FAA and/or the FAT, as the case may be. Any decision to treat such acceptances as valid will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations), PPCF, the Receiving Agent and/or CDP accept any responsibility or liability for such a decision, including the consequences of such a decision.

3.3 Scrip and Scripless Offer Shares

If you hold some Offer Shares in scrip form and others with CDP, you should complete the FAT for the former and the FAA for the latter in accordance with the respective procedures set out in this **Appendix 2**, the FAT and the FAA if you wish to accept the Offer in respect of all such Offer Shares.

3.4 Deposit Time

If you hold Offer Shares in scrip form and wish to accept the Offer, you should not deposit your share certificate(s) with the CDP on or after the Despatch Date as the Offer Shares may not be credited into your Securities Account in time for you to accept the Offer. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in Section 2 of this **Appendix 2** and the FAT.

3.5 Acceptances received on Saturday, Sunday or public holiday

Acceptances in the form of the FAA and/or FAT received by the Offeror, CDP and/or the Receiving Agent on a Saturday, Sunday or public holiday will only be processed and validated on the next business day.

3.6 Evidence of Title

Delivery of the duly completed and signed FAT and/or FAA (as the case may be) to CDP, the Receiving Agent and/or the Offeror, as the case may be, shall be conclusive evidence in favour of CDP, the Receiving Agent and/or the Offeror (or its nominee) of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.

3.7 Correspondences

All communications, certificates, notices, documents and payments to be delivered or sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or in the Register, as the case may be, at the risk of the person entitled thereto (or for the purposes of payments only, to such different names and addresses as may be specified by you in the FAT at your own risk).

3.8 Loss in Transmission

The Offeror, PPCF, CDP and/or the Receiving Agent, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.

3.9 Acceptances Irrevocable

Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable and any instructions or subsequent FAA(s) and/or FAT(s) received by CDP and/or the Receiving Agent, as the case may be, after the FAA and/or Shares FAT, as the case may be, has been received shall be disregarded.

ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS

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

Name	Address	Description
Liao Chen-Yi (廖震益)	c/o 8F-11~13, No. 79, Sec. 1, Xintai 5th Road Xizhi District, New Taipei City 22101 Taiwan	Director
Lin Tzong-Yeong (林宗勇)	c/o 8F-11~13, No. 79, Sec. 1, Xintai 5th Road Xizhi District, New Taipei City 22101 Taiwan	Director
Chen En (陳恩)	c/o 8F-11~13, No. 79, Sec. 1, Xintai 5th Road Xizhi District, New Taipei City 22101 Taiwan	Director
Tsai Shu-Chen (蔡淑貞)	c/o 8F-11~13, No. 79, Sec. 1, Xintai 5th Road Xizhi District, New Taipei City 22101 Taiwan	Director
Hu Te-Hua (胡德華)	c/o 8F-11~13, No. 79, Sec. 1, Xintai 5th Road Xizhi District, New Taipei City 22101 Taiwan	Director
Wang Pao-Yuan (王寶源)	c/o 8F-11~13, No. 79, Sec. 1, Xintai 5th Road Xizhi District, New Taipei City 22101 Taiwan	Director
Wu Yung-Lung (吳永龍)	c/o 8F-11~13, No. 79, Sec. 1, Xintai 5th Road Xizhi District, New Taipei City 22101 Taiwan	Director

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Offeror is TWD607,688,300 comprising 60,768,830 shares (including 2,000,000 shares held by the Offeror in treasury).

3. PRINCIPAL ACTIVITIES

The Offeror was incorporated in Taiwan, R.O.C. on 2 December 1994 and was listed on the Taiwan Stock Exchange on 11 September 2000. The Offeror Group is a chip resistor and array professional manufacturer and has one (1) factory in Taiwan and one (1) factory in China. Examples of the products that the Offeror Group manufactures include thick film chip resistors, thin film chip resistors, thick film array (convex), thick film array (concave), thick film low-ohmic and thick film network.

4. SUMMARY OF FINANCIAL INFORMATION

4.1 Income Statements

The audited consolidated income statements of the Offeror for FY2013, FY2012 and FY2011 are summarised below.

The summary is extracted from, and should be read in conjunction with, the audited consolidated income statements of the Offeror for FY2013, FY2012 and FY2011 and the related notes thereto, copies of which are available for inspection as mentioned in Section 4 of **Appendix 5** to this Offer Document.

	FY2013 TWD'000 (Audited)	FY2012 TWD'000 (Audited)	FY2011 TWD'000 (Audited)
Net Revenue	2,926,356	2,506,810	2,306,663
Net Profit before tax	402,590	238,265	185,079
Net Profit after tax	276,316	167,321	231,787
Net earnings per share	4.70	2.79	3.81
Net dividends per share	4.00	1.50	1.50

4.2 Statement of Assets and Liabilities

A summary of the balance sheet of the Offeror as at 31 December 2013 based on its audited consolidated accounts for FY2013 is set out below.

	As at 31 December 2013 TWD'000
Non-Current Assets	1,485,984
Current Assets	2,579,473
Total Assets	4,065,457
Current Liabilities	1,119,199
Non-Current Liabilities	225,643
Total Liabilities	1,344,842
Total Equity	2,720,615
Total Liabilities and Equity	4,065,457

The summary of the balance sheet of the Offeror as at 31 December 2013 should be read in conjunction with the audited accounts of the Offeror for FY2013 and the related notes thereto, a copy of which is available for inspection as mentioned in Section 5 of **Appendix 5** to this Offer Document.

5. MATERIAL CHANGES IN FINANCIAL POSITION

Save as a result of the making and financing of the Offer, as at the Latest Practicable Date, to the knowledge of the directors of the Offeror, save as set out in publicly available information, there have been no known material changes in the financial position of the Offeror since 31 December 2013, being the date to which the audited accounts of the Offeror for FY2013 is made up to.

6. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Offeror which are of major relevance for the interpretation of the audited consolidated financial statements of the Offeror for FY2013, FY2012 and FY2011 are set out in **Appendix 6** to this Offer Document.

7. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there has been no change in the accounting policies of the Offeror since the date of its audited financial statements for FY2013, FY2012 and FY2011 which will cause the figures set out in Section 4 of this **Appendix 3** to not be comparable to a material extent.

8. REGISTERED OFFICE

The registered office of the Offeror is at No. 1, Central 2nd Street Nantze Export Processing Zone, Kaohsiung, Taiwan.

ADDITIONAL INFORMATION ON THE OFFEREE

1. DIRECTORS

Based on the electronic instant information search results from ACRA in respect of the Offeree on the Latest Practicable Date and the annual report of the Offeree for the financial year ended 31 December 2013, the names, addresses and descriptions of the directors of the Offeree are as follows:

Name	Address	Description
Chia Soon Loi	11 Nathan Road #11-01 Regency Park Singapore 248732	Non-Executive Chairman
Chen Tie-Min	3F, 233-1 Bao Qiao Road Xindian District New Taipei City 23145 Taiwan, Republic of China	Non-Executive Director
Cecil Chiam Teck Hock	133 Clarence Lane #09-08 Singapore 140133	Independent Director
Geoffrey Yeoh Seng Huat	28 Greenleaf Place Ban Guan Park Singapore 279432	Independent Director
Seah Eng Lam	59 Pasir Ris Avenue Pasir Ris Beach Park Singapore 519723	Executive Director

2. SHARE CAPITAL

As at the Latest Practicable Date, based on the information reflected in the electronic instant information search results from ACRA in respect of the Offeree, the Offeree has 272,286,146 Shares in issue.

3. PRINCIPAL ACTIVITIES

The Offeree was incorporated in Singapore on 13 March 1996 and was listed on the SGX Sesdaq on 31 January 1997 and on the Mainboard of the SGX-ST on 15 July 2002. On 4 March 2014, the board of directors of the Offeree announced that it will be placed on the watch-list with effect from 5 March 2014. For further information, please refer to the Offeree's announcement on the website of the SGX-ST on 4 March 2014.

Based on information extracted from the website of the SGX-ST:

- The Offeree manufactures and distributes resistors and other essential electronic components to a diverse base of customers in the telecommunications, consumer electronics, computer and automotive industries;
- Complementing its manufacturing operations, the Offeree Group also distributes a comprehensive range of other electronic components which are complementary to the components manufactured by it; and

- Headquartered in Singapore, the Offeree Group has a manufacturing base in Malaysia. Through an extensive international network, the presence of the Offeree Group spans across Asia, Europe and the United States of America.

4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the information of the Offeree which is publicly available on the website of the SGX-ST, there have been, to the knowledge of the Offeror, no material changes in the financial position or prospects of the Offeree since 29 April 2014, being the date on which the last audited balance sheet was laid before the Offeree during its last AGM.

5. REGISTERED OFFICE

As at the Latest Practicable Date, based on information provided by the Offeree to the Offeror, the registered office of the Offeree is at 514 Chai Chee Lane, #05-05/06 Bedok Industrial Estate, Singapore 469029.

GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

1.1 No Agreement having any Connection with or Dependence upon Offer

As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or any of the parties acting in concert with it and (b) any of the current or recent directors of the Offeree or any of the current or recent Shareholders, having any connection with or dependence upon the Offer.

1.2 No Agreement Conditional upon Outcome of Offer

As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror and (b) any of the directors of the Offeree or any other person, in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.

1.3 Transfer of Offer Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares acquired pursuant to the Offer to any of its related corporations (as defined in the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.

1.4 No Payment or Benefit to Directors of the Offeree

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Offeree or any of its related corporations (as defined in the Companies Act) as compensation for loss of office or otherwise in connection with the Offer.

1.5 Transfer Restrictions

The Memorandum and Articles of Association of the Offeree do not contain any restrictions on the right to transfer the Offer Shares, which has the effect of requiring holders of the Offer Shares, before transferring them, to first offer them for purchase to Shareholders or to any other person.

1.6 No Indemnity and Other Arrangements

As at the Latest Practicable Date, save as disclosed in this Offer Document, neither the Offeror nor any of the parties acting in concert with it has entered into any arrangement of the kind referred to in Note 7 of Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.

1.7 No Material Change

Save as disclosed in this Offer Document and save for information relating to the Offeror and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

2. GENERAL

2.1 Costs and Expenses

All costs and expenses of or incidental to the Offer including the preparation and circulation of this Offer Document, the FAA and the FAT (other than professional fees and other costs incurred or to be incurred by the Offeree relating to the Offer or any revision thereof) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.

2.2 Consent

PPCF, as financial adviser to the Offeror in connection with the Offer, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its name and all references to its name in the form and context in which it appears in this Offer Document.

3. MARKET QUOTATIONS

3.1 Closing Prices

The closing price of the Shares on the SGX-ST (as reported by Bloomberg L.P.) on (a) the Latest Practicable Date was S\$0.064; and (b) 7 May 2014 (being the last full day of trading of the Shares on the SGX-ST immediately preceding the Offer Announcement) was S\$0.055.

The highest closing, lowest closing and last transacted prices and aggregate trading volume of the Shares on the SGX-ST on a monthly basis from November 2013 to April 2014 (being the six (6) calendar months preceding the Offer Announcement), as reported by Bloomberg L.P., as well as the corresponding premium represented by the Offer Price of S\$0.065, are set out below:

Month	Highest closing price of the month (S\$)	Lowest closing price of the month (S\$)	Last closing price of the month (S\$)	Premium over the last closing price of the month (%)	Volume of Shares traded ('000)
November 2013	0.039	0.036	0.036	80.56	718
December 2013	0.039	0.034	0.037	75.68	1,072
January 2014	0.038	0.035	0.038	71.05	583
February 2014	0.035	0.029	0.035	85.71	670
March 2014	0.041	0.027	0.041	58.54	2,244
April 2014	0.045	0.040	0.044	47.73	4,248

3.2 Highest and Lowest Closing Prices

The highest and lowest closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period commencing six (6) months prior to Latest Practicable Date, and the corresponding premium represented by the Offer Price over the closing prices are as follows:

	Price (S\$)	Date(s) Transacted	Premium represented by the Offer Price over the closing price (%)
Highest closing price	0.064	8 May 2014 to 19 May 2014	1.56
Lowest closing price	0.027	21 March 2014	140.74

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the office of Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours while the Offer remains open for acceptance:

- (a) the Memorandum and Articles of Association of the Offeror;
- (b) the Offer Announcement;
- (c) the Irrevocable Undertakings as referred to in **paragraph 4** of this Offer Document;
- (d) the audited consolidated income statements of the Offeror for FY2013, FY2012 and FY2011 and the related notes thereto referred to in Section 4.1 of **Appendix 3** to this Offer Document; and
- (e) the letter of consent from PPCF referred to in Section 2.2 of this **Appendix 5**.

SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR

The Offeror's significant accounting policies are summarised as follows:

(1) Statement of Compliance

The consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Taiwan International Financial Reporting Standards (“**T-IFRS**”), International Accounting Standards (“**IAS**”), interpretations as well as related guidance translated by the Accounting Research and Development Foundation in Taiwan endorsed by the Financial Supervisory Commission of Taiwan on the relevant effective dates. The Offeror transited to T-IFRS on 1 January 2012.

(2) Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis of accounting except for financial instruments that are measured at fair value, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The opening balance sheet at the date of transition is prepared in accordance with the recognition and measurement required by T-IFRS 1. According to T-IFRS 1, the Offeror is required to apply each effective T-IFRS retrospectively in its opening balance sheet at the date of transition to T-IFRS; except for optional exemptions and mandatory exceptions to such retrospective application provided under T-IFRS 1.

(3) Classification of Current and Non-current Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period.

Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are non-current assets and liabilities, respectively.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Offeror and entities controlled by Offeror (its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Offeror. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Changes in the Offeror's ownership interests in subsidiaries that do not result in the Offeror losing control over the subsidiaries are accounted for as equity transactions.

(5) Foreign Currencies

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). The functional currency of the Offeror and presentation currency of the consolidated financial statements are both in TWD. In preparing the consolidated financial statement, the operating results and financial positions of each consolidated entity are translated into TWD.

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Such exchange differences are recognised in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the re-translation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which case, the exchange differences are also recognised directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not re-translated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Offeror's foreign operations are translated into TWD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

(6) Inventories

Inventories are stated at the lower of cost or net realisable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

(7) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment. Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(8) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

(9) Other intangible assets

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised using the straight-line method. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

(10) Impairment of Tangible and Intangible Assets (Except Goodwill)

At the end of each reporting period, the Offeror reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Offeror estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(11) Financial Instruments

Financial assets and liabilities shall be recognised when the Offeror becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recognised at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) Financial Assets

Financial assets are classified into the following specified categories: Financial assets “at fair value through profit or loss” (“**FVTPL**”), “held-to-maturity” financial assets, “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Derivative financial instruments that do not meet the criteria for hedge accounting are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

(ii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Offeror has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method less any impairment.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at FVTPL.

Stocks and money market funds held by the Offeror that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period. Interest income from available-for-sale monetary financial assets and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Offeror's right to receive the dividends is established.

Available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period. Such equity instruments are subsequently re-measured at fair value when their fair value can be reliably measured, and the difference between the carrying amount and fair value is recognised in profit or loss or other comprehensive income.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalents, notes and accounts receivable and other receivables are measured at amortised cost using the effective interest method, less any impairment, except for those loans and receivables with immaterial discounted effect.

(v) Impairment of financial assets

Financial assets, other than those carried at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, their estimated future cash flows have been affected. For financial assets carried at amortised cost, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. The Offeror assesses the collectability of receivables by performing the account aging analysis and examining current trends in the credit quality of its customers. For financial assets carried at amortised cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the year. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to the recognition of an impairment loss is recognised in other

comprehensive income and accumulated under the heading of unrealised gains or losses from available-for-sale financial assets. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

(vi) **De-recognition of financial assets**

The Offeror derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On de-recognition of a financial asset in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(b) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Offeror are recognised at the proceeds received, net of direct issue costs.

Financial liabilities are subsequently measured either at amortised cost using effective interest method.

The Offeror derecognises financial liabilities when, and only when, the Offeror's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(12) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(a) **Sale of goods**

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- (i) The Offeror has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) The Offeror retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) The amount of revenue can be measured reliably;
- (iv) It is probable that the economic benefits associated with the transaction will flow to the Offeror; and
- (v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Royalties, dividend and interest income

Revenue from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Offeror and the amount of revenue can be measured reliably). Dividend income from investments is recognised when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Offeror and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(13) Leases

A lease is classified as a finance lease whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Offeror as lessor rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(14) Retirement Benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognised as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognised based on actuarial calculations. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial calculations being carried out at year end. Actuarial gains and losses are reported in retained earnings in the period that they are recognised as other comprehensive income.

(15) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, net operating loss carry forwards and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Offeror is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognised is also reviewed

at the end of each reporting period and recognised to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Offeror expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(c) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.