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**OFFER DOCUMENT DATED 31 MAY 2019**

**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), YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

# VOLUNTARY CONDITIONAL CASH OFFER

FOR AND ON BEHALF OF  
**M-Universe Investments Pte. Ltd.**  
(Incorporated in Singapore)  
(Company Registration No.: 201912256E)

to acquire all of the issued ordinary shares in the capital of



**Memtech International Ltd.**  
(Incorporated in Singapore)  
(Company Registration No.: 200312032Z)

by



**Oversea-Chinese Banking Corporation Limited**  
(Incorporated in Singapore)  
(Company Registration No.: 193200032W)

other than those already owned, controlled or agreed  
to be acquired by M-Universe Investments Pte. Ltd., its  
related corporations or their respective nominees

**The views of the directors of the Company who are considered independent for the purposes of the Offer (the "Independent Directors") and those of the independent financial adviser to the Independent Directors on the Offer will be made available to you in due course. You may wish to consider their views before taking any decision on the Offer.**

If you have sold or transferred all your Shares (as defined herein) deposited with The Central Depository (Pte) Limited ("CDP"), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation for Offer Shares ("FAA") to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares not deposited with CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer for Offer Shares ("FAT") to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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.

Nothing in this section or in this Offer Document is intended to be, or shall be taken as, advice, recommendation or solicitation to the shareholders of the Company or any other party. Oversea-Chinese Banking Corporation Limited ("OCBC Bank") is acting for and on behalf of the Offeror and does not purport to advise any shareholder of the Company or any other party.

## Important Notice

The information in this section is a summary of the Offer and is qualified by, and should be read in conjunction with, the full information contained in the rest of this Offer Document. In the event of any inconsistency or conflict between the terms of this summary and this Offer Document, the terms set out in this Offer Document shall prevail.

FINAL OFFER PRICE OF  
**\$S\$1.35** IN CASH  
FOR EACH OFFER SHARE

ACCEPTANCES SHOULD BE RECEIVED  
BY 5.30 P.M. (SINGAPORE TIME)  
ON 28 JUNE 2019 OR SUCH LATER  
DATE(S) AS MAY BE ANNOUNCED  
FROM TIME TO TIME BY OR ON  
BEHALF OF THE OFFEROR



# ABOUT THE OFFER

*All capitalised terms shall bear the same meanings ascribed to them in this Offer Document*

## 1. WHAT YOU WILL GET FOR YOUR SHARES

If the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, you will receive

**S\$1.35 in cash for each Offer Share**

The Offer Price is FINAL and the Offeror does not intend to revise the Offer Price.

An illustration of the consideration to be received by a Shareholder who validly accepts the Offer:

**1,000 = S\$1,350**  
Offer Shares

**10,000 = S\$13,500**  
Offer Shares

**50,000 = S\$67,500**  
Offer Shares

## 2. WHY YOU SHOULD CONSIDER THE OFFER

The Offer presents Shareholders with the following opportunities:

- You will be paid for your investment in Memtech at a premium.
- You will be paid for your investment in Memtech at a fixed price with certainty.
- You will be paid for your investment in Memtech without incurring any brokerage and other trading costs.
- You will receive a cash exit opportunity in view of the low trading liquidity of the Shares.
- You will be paid for your investment in Memtech in cash amidst an uncertain economic environment in part due to the ongoing US-Sino trade dispute.

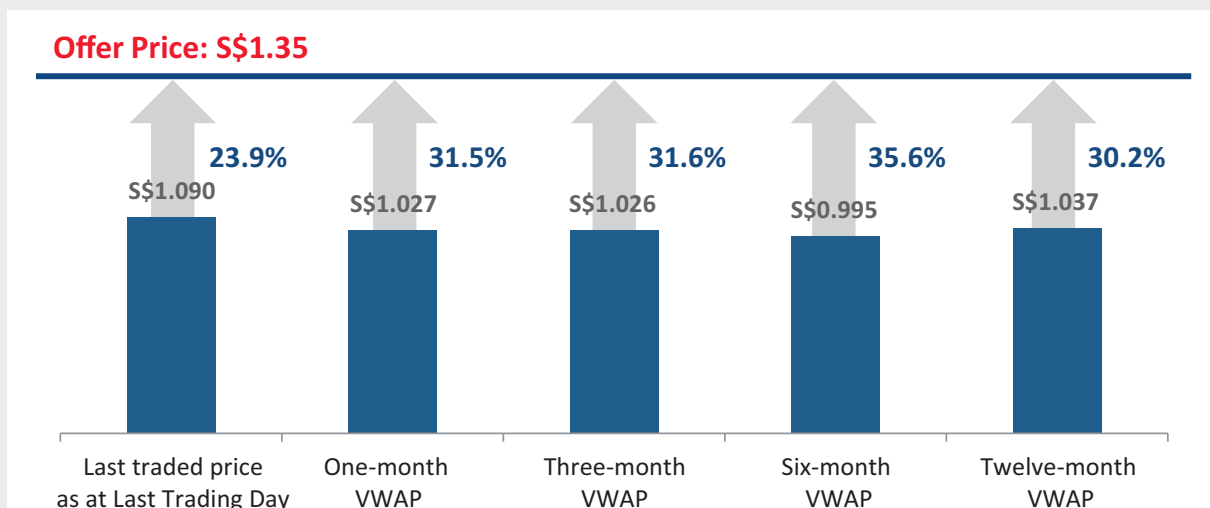
If you accept the Offer **on or before** the date it becomes unconditional, you will be paid within seven (7) business days after the Offer becomes unconditional.

If you accept the Offer **after** it becomes unconditional, you will be paid within seven (7) business days after your valid acceptance is received.

## 3. OFFER PRICE IS AT A PREMIUM

The Offer Price of S\$1.35 in cash per Offer Share represents a premium of:

- Approximately 31.5%, 31.6%, 35.6% and 30.2% over the volume weighted average price ("VWAP") per Share for the one-month, three-month, six-month and twelve-month periods up to and including the Last Trading Day (10 May 2019), respectively.
- Approximately 23.9% over the closing price per Share of S\$1.09 as quoted on the SGX-ST on the Last Trading Day.



# ABOUT THE OFFER

*All capitalised terms shall bear the same meanings ascribed to them in this Offer Document*

This opportunity to exit may not otherwise be available due to the low trading liquidity of the Shares. The trading volume of the Shares has been generally low, with an average daily trading volume<sup>1</sup> of approximately 523,680 Shares, 383,479 Shares, 227,176 Shares and 211,939 Shares during the one-month, three-month, six-month and twelve-month periods respectively, up to and including the Last Trading Day. Each of these represents less than approximately 0.4% of the total number of issued Shares for any of the aforementioned periods.

<sup>1</sup> The average daily trading volume is computed based on the total volume of Shares traded divided by the number of Market Days with respect to the one-month period, three-month period, six-month period and twelve-month period up to and including the Last Trading Day.

## 4. ACCEPTANCE CONDITION

The Offer is conditional on the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror, its related corporations or their respective nominees holding not less than 90% of the total number of Shares as at the close of the Offer.

The Offeror reserves the right to reduce the Acceptance Condition to a lower level which is more than 50% of the total number of Shares, subject to the consent of the Securities Industry Council.

## 5. OFFEROR'S INTENTIONS

The Offeror is making the Offer with a view to delist the Company from the SGX-ST and exercise its rights of compulsory acquisition.

In the event that the Offeror becomes entitled to compulsorily acquire all the Offer Shares of the Shareholders who have not accepted the Offer, the Offeror intends to exercise such rights of compulsory acquisition.

In addition, if the Offeror is unable to exercise its rights of compulsory acquisition and the Company does not meet the Free Float Requirement, the Offeror and the Consortium Members do not intend to maintain or support any action to meet the Free Float Requirement or maintain the present listing status of the Company.

## 6. IRREVOCABLE UNDERTAKINGS

The Offeror has received irrevocable undertakings to, amongst others, accept the Offer from Keytech, the directors of Keytech and the Chuang Family, collectively representing approximately **57.77%** of the total issued Shares.

## 7. IMPORTANT DATES AND TIMES

EVENT	DATE
Despatch of the Offer Document	Friday, 31 May 2019
Last date for despatch of the Company's circular in relation to the Offer to Shareholders	Friday, 14 June 2019
Closing date and time	5.30 p.m. (Singapore time) on Friday, 28 June 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror

# ABOUT THE OFFER

*All capitalised terms shall bear the same meanings ascribed to them in this Offer Document*

## 8. HOW DO I ACCEPT THE OFFER

Locate the relevant Acceptance Forms enclosed with the Offer Document:

- If you have Offer Shares which are deposited with CDP, locate and complete the FAA in respect of those Offer Shares.
- Check your personal particulars and Securities Account Number.
- Under Part A of Section A, fill in the number of Offer Shares that you wish to tender in acceptance of the Offer. You can choose to tender all, part or none of your Offer Shares.
- Fill in the applicable date and proceed to sign off on the bottom right hand corner of the FAA.
- Return the signed and completed FAA in the enclosed pre-addressed envelope so as to arrive no later than 5.30 p.m. (Singapore time) on 28 June 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

I/We hereby irrevocably authorise CDP to effect the transfer from my/our Securities Account with CDP of the following number of Offer Shares to the Securities Account maintained with CDP of the Offeror or the Transferee:

<b>Part A</b> Number of Offer Shares now standing to the credit of the "Free Balance" of my/our Securities Account in respect of which the Offer is accepted		Please indicate the number of Offer Shares you wish to tender in acceptance of the Offer
<b>NOTE:</b> Please refer to paragraphs 2 and 3 of page 2 of this FAA for instructions on inserting the number of Offer Shares above.		

Date	Signature(s)/Thumbprint(s) of Depositor(s)/Joint Depositors. <i>For corporations, please sign as per your signing mandate and where appropriate, the Common Seal to be affixed in accordance with your Constitution or relevant constitutive documents.</i>
	PLEASE SIGN HERE

- If you have Shares which are not deposited with CDP, locate and complete the FAT in respect of those Shares.

Details of the procedures on how to accept the Offer are set out in Appendix 2 of the Offer Document and in the FAA and/or FAT. CPFIS Investors and SRS Investors who wish to accept the Offer should contact their respective CPF Agent Banks and SRS Agent Banks.

## 9. KEY CONTACT INFORMATION

Oversea-Chinese Banking Corporation Limited  
+65 6530 8462  
(during office hours)

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## IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

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### Overseas Shareholders

The availability of the Offer to Overseas Shareholders (as defined herein) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the relevant Acceptance Forms (as defined herein) and/or any related documents may not be sent, provided that this Offer Document, the relevant Acceptance Forms and/or any related documents do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful, and the Offer is not being made into any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

### Overseas Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction(s) in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. Overseas Shareholders should read **Section 15** of this Offer Document.

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions apply throughout this Offer Document and the Acceptance Forms:

<b>“Acceptance Condition”</b>	:	Shall have the meaning ascribed to it in <b>Section 2.6</b> of this Offer Document
<b>“Acceptance Forms”</b>	:	FAA and/or FAT
<b>“Accepting Shareholder”</b>	:	A Shareholder who tenders his Shares in acceptance of the Offer
<b>“Adjusted Offer Price”</b>	:	Shall have the meaning ascribed to it in <b>Section 2.5.2</b> of this Offer Document
<b>“ASE”</b>	:	ASE Technology Holding Co., Ltd
<b>“Business Day”</b>	:	A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
<b>“Books Closure Date”</b>	:	Shall have the meaning ascribed to it in <b>Section 2.5.1</b> of this Offer Document
<b>“BYS”</b>	:	Bai Yisong
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Chuang Family”</b>	:	CWF, CJM, CTM and CTD, collectively
<b>“Closing Date”</b>	:	5.30 p.m. (Singapore time) on 28 June 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended from time to time
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore
<b>“Company” or “Memtech”</b>	:	Memtech International Ltd.
<b>“Company Securities”</b>	:	(i) Shares; (ii) other securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options and derivatives in respect of the Shares or securities which carry voting rights in the Company

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## DEFINITIONS

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<b>“Consortium”</b>	:	The consortium formed by the Consortium Members pursuant to the Consortium Agreement
<b>“Consortium Agreement”</b>	:	The consortium agreement entered into among the Consortium Members
<b>“Consortium Members”</b>	:	The Chuang Family, Keytech, the Keytech Directors and UGT
<b>“Consortium Representatives”</b>	:	Shall have the meaning ascribed to it in <b>Section 5.1</b> of this Offer Document
<b>“CPF”</b>	:	The Central Provident Fund
<b>“CPF Agent Banks”</b>	:	Agent banks included under the CPFIS
<b>“CPFIS”</b>	:	Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
<b>“CJM”</b>	:	Chuang-Kao Jung Mi
<b>“CTD”</b>	:	Chuang Tze Dey
<b>“CTM”</b>	:	Chuang Tze Mon (Zhuang Zimeng)
<b>“CWF”</b>	:	Chuang Wen Fu
<b>“Date of Receipt”</b>	:	The date of receipt of the relevant Acceptance Form by CDP or the Receiving Agent (as the case may be) for and on behalf of the Offeror or, in the case where such date of receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the date of receipt falls on or before the Closing Date)
<b>“Despatch Date”</b>	:	31 May 2019, being the date of despatch of this Offer Document
<b>“Direct Shareholders”</b>	:	Shall have the meaning ascribed to it in <b>Section 7.1</b> of this Offer Document
<b>“Dissenting Shareholders”</b>	:	Shall have the meaning ascribed to it in <b>Section 10.1</b> of this Offer Document
<b>“Distributions”</b>	:	In respect of the Offer Shares, all dividends, rights, other distributions and/or return of capital

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## DEFINITIONS

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<b>“Electronic Acceptance”</b>	:	The SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents
<b>“Encumbrance”</b>	:	Any claim, charge, lien, pledge, mortgage, encumbrance, declaration of trust, hypothecation, retention of title, power of sale, equity, option, right of pre-emption, right of first refusal, moratorium or other third party right or interest of any nature whatsoever
<b>“FAA”</b>	:	The Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Offer Shares are deposited with CDP and which forms part of this Offer Document
<b>“FAT”</b>	:	The Form of Acceptance and Transfer for Offer Shares in respect of the Offer, which is applicable to Shareholders whose Offer Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of this Offer Document
<b>“Final Day Rule”</b>	:	Shall have the meaning ascribed to it in Paragraph 1.4 of <b>Appendix 1</b> to this Offer Document
<b>“Free Float Requirement”</b>	:	Shall have the meaning ascribed to it in <b>Section 11.1</b> of this Offer Document
<b>“GCH”</b>	:	Gu Cheng Hua
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“HNB”</b>	:	Heng Ngee Boon
<b>“Independent Directors”</b>	:	The directors of the Company who are considered independent for the purposes of the Offer
<b>“in scrip form”</b>	:	Shall have the meaning ascribed to it in <b>Section 15.2</b> of this Offer Document
<b>“Keytech”</b>	:	Keytech Investment Pte. Ltd.
<b>“Keytech Directors”</b>	:	CWF, CTM, GCH, YCK, TJH, HNB, WJ, BYS and ZLQ, collectively
<b>“Keytech Reinvestment”</b>	:	Shall have the meaning ascribed to it in <b>Section 7.1.2</b> of this Offer Document
<b>“Keytech Shares”</b>	:	Shall have the meaning ascribed to it in <b>Section 5.3</b> of this Offer Document

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## DEFINITIONS

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<b>“Last Trading Day”</b>	:	10 May 2019, being the last full Market Day preceding the Offer Announcement Date on which the Shares were traded on the SGX-ST
<b>“Latest Practicable Date”</b>	:	24 May 2019, being the latest practicable date prior to the printing of this Offer Document
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended from time to time
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for the trading of securities
<b>“OCBC Bank” or “Financial Adviser”</b>	:	Oversea-Chinese Banking Corporation, being the financial adviser to the Offeror
<b>“Offer”</b>	:	The voluntary conditional cash offer made by OCBC Bank, for and on behalf of the Offeror, for all of the Offer Shares on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
<b>“Offer Announcement”</b>	:	The announcement of the Offer released by OCBC Bank, for and on behalf of the Offeror, on the Offer Announcement Date
<b>“Offer Announcement Date”</b>	:	14 May 2019, being the date of the Offer Announcement
<b>“Offer Document”</b>	:	This document dated 31 May 2019, including the FAA, the FAT, 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
<b>“Offer Price”</b>	:	The offer price for each Offer Share validly tendered in acceptance of the Offer, as more particularly described in <b>Section 2.2</b> of this Offer Document
<b>“Offer Shares”</b>	:	Shall have the meaning ascribed to it in <b>Section 1.1</b> of this Offer Document
<b>“Offeror”</b>	:	M-Universe Investments Pte. Ltd.
<b>“Offeror Share”</b>	:	Shall have the meaning ascribed to it in <b>Section 5.1</b> of this Offer Document
<b>“Offeror Shareholder”</b>	:	Shall have the meaning ascribed to it in <b>Section 5.1</b> of this Offer Document

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## DEFINITIONS

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<b>“Overseas Shareholders”</b>	:	Shareholders whose addresses as shown in the Register or in the records of CDP (as the case may be) are outside Singapore
<b>“Offer Unconditional Date”</b>	:	The date on which the Offer has become or is declared unconditional in all respects in accordance with its terms
<b>“Reference Period”</b>	:	The period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date, being 14 February 2019 to 24 May 2019
<b>“Register”</b>	:	The register of members of the Company, as maintained by the Registrar
<b>“Registrar” or “Receiving Agent”</b>	:	M & C Services Private Limited, the share registrar of the Company and the receiving agent of the Offeror
<b>“Reinvestments”</b>	:	Shall have the meaning ascribed to it in <b>Section 7.1.3</b> of this Offer Document
<b>“Reinvestment Irrevocable Undertakings”</b>	:	Shall have the meaning ascribed to it in <b>Section 7.1</b> of this Offer Document
<b>“Reinvestment Undertaking Shareholders”</b>	:	Shall have the meaning ascribed to it in <b>Section 7.1</b> of this Offer Document
<b>“Relevant Day”</b>	:	Shall have the meaning ascribed to it in Paragraph 3.1 of <b>Appendix 1</b> to this Offer Document
<b>“Rule 22.6 Period”</b>	:	Shall have the meaning ascribed to it in Paragraph 1.3 of <b>Appendix 1</b> to this Offer Document
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<b>“Settled Shares”</b>	:	Shall have the meaning ascribed to it in Paragraph 1.1.1 of <b>Appendix 2</b> to this Offer Document
<b>“SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore
<b>“SGXNET”</b>	:	Singapore Exchange Network, a system network used by listed companies when sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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<b>“Shareholders”</b>	:	Holders of the Shares as indicated on the Register and Depositors who have Shares entered against their names in the Depository Register
<b>“Shares”</b>	:	Issued ordinary shares in the capital of the Company
<b>“Shut-Off Notice”</b>	:	Shall have the meaning ascribed to it in Paragraph 1.3 of <b>Appendix 1</b> to this Offer Document
<b>“SIC”</b>	:	Securities Industry Council of Singapore
<b>“Specified Persons”</b>	:	Shall have the meaning ascribed to it in Paragraph 2.8 of <b>Appendix 2</b> to this Offer Document
<b>“SRS”</b>	:	The Supplementary Retirement Scheme
<b>“SRS Agent Banks”</b>	:	Agent banks included under the SRS
<b>“SRS Investors”</b>	:	Investors who have purchased Shares pursuant to SRS
<b>“TJH”</b>	:	Teow Joo Hwa
<b>“UGT”</b>	:	Universal Global Technology Co., Limited, a wholly owned subsidiary of USI
<b>“Unsettled Buy Position”</b>	:	Shall have the meaning ascribed to it in Paragraph 1.1.1 of <b>Appendix 2</b> to this Offer Document
<b>“USI”</b>	:	Universal Scientific Industrial (Shanghai) Co., Ltd.
<b>“VWAP”</b>	:	Volume weighted average price
<b>“WJ”</b>	:	Wang Jian
<b>“YCK”</b>	:	Yap Chin Kuan
<b>“ZLQ”</b>	:	Zhang Liuqing
<b>“RMB”</b>	:	Renminbi, being the official currency of the People’s Republic of China
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
<b>“%” or “per cent.”</b>	:	Percentage or per centum

**Acting in Concert.** The expression **“acting in concert”** shall have the meaning ascribed to it in the Code.

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## DEFINITIONS

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**Announcement, Notice, etc.** References to the making of an announcement or the giving of a notice by the Offeror shall include the release of an announcement by OCBC Bank 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.

**Depositors, etc.** The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in the SFA.

**Genders, etc.** 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. References to persons shall, where applicable, include corporations.

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

**Issued Shares.** In this Offer Document, the total number of issued Shares is 140,080,878 (excluding 3,919,120 treasury shares) as at the Latest Practicable Date. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Offer Document are based on 140,080,878 issued Shares (excluding 3,919,120 treasury shares) as at the Latest Practicable Date.

**Offer Document.** References to “**Offer Document**” shall include the Acceptance Forms, unless the context otherwise requires.

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

**Shareholders.** References to “**you**”, “**your**” and “**yours**” in this Offer Document are, as the context so determines, to Shareholders.

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

**Subsidiary, Related Corporation.** References to “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in the Companies Act.

**Time and Date.** Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date, respectively, unless otherwise specified.



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## **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

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All statements other than statements of historical facts included in this 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 and 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 other investors of the Company should not place undue reliance on such forward-looking statements. Neither the Offeror nor OCBC Bank guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

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## INDICATIVE TIMETABLE

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Despatch Date in respect of the Offer <sup>(1)</sup>	:	31 May 2019
Last date for despatch of the Company's circular in relation to the Offer	:	14 June 2019
Closing Date in respect of the Offer <sup>(2)(3)</sup>	:	5.30 p.m. (Singapore time) on 28 June 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror
Date of settlement in respect of the Offer on which the Offer Price is despatched to Accepting Shareholders <sup>(1)</sup>	:	<p>In respect of valid and complete acceptances received on or before the Offer Unconditional Date, within seven Business Days after the Offer Unconditional Date</p> <p>In respect of valid and complete acceptances received after the Offer Unconditional Date but on or before the Closing Date, within seven Business Days after the date of receipt of each such acceptance</p>
Final date of settlement in respect of the Offer	:	Within seven Business Days after the Closing Date

**Notes:**

- (1) Other than the Despatch Date and the date of settlement in respect of the Offer, the other dates set out in the timetable above are indicative only and the actual dates of such events will be announced in due course by or on behalf of the Offeror on SGXNET.
- (2) The Offer must initially be open for 28 days from the Despatch Date.
- (3) CPFIS Investors, SRS Investors and other investors who hold Shares through finance companies or Depository Agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies and Depository Agents in order to accept the Offer.

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## LETTER TO SHAREHOLDERS

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### OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)  
(Company Registration No.: 193200032W)

31 May 2019

To: The Shareholders of Memtech International Ltd.

Dear Sir/Madam,

#### **VOLUNTARY CONDITIONAL CASH OFFER BY OCBC BANK FOR AND ON BEHALF OF THE OFFEROR**

##### **1. INTRODUCTION**

- 1.1 Offer Announcement.** On 14 May 2019, OCBC Bank announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer for all of the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations or their respective nominees (the "**Offer Shares**").

The Offeror is the bid vehicle for the Consortium Members who have agreed, pursuant to the Consortium Agreement, to undertake the Offer through the Offeror. The Consortium Members are the Chuang Family, Keytech, the Keytech Directors and UGT.

A copy of the Offer Announcement is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

- 1.2 Offer Document.** This Offer Document contains the formal Offer by OCBC Bank, for and on behalf of the Offeror, to acquire all the Offer Shares. **Please read this Offer Document carefully.**

##### **2. THE OFFER**

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

- 2.2 Offer Price.** The price for each Share (the "**Offer Price**") is as follows:

**For each Offer Share: S\$1.35 in cash.**

**The Offer Price is final and the Offeror does not intend to revise the Offer Price.**

- 2.3 Offer Shares.** The Offer is extended to all the Shares in issue, other than those already owned, controlled or agreed to be acquired by the Offeror, its related corporations or their respective nominees.

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## LETTER TO SHAREHOLDERS

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

- (i) fully paid;
- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date.

**2.5 Adjustment for Distributions.** In the event any Distribution is or has been announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who validly accepts or has validly accepted the Offer, the Offer Price payable to such Accepting Shareholder shall be reduced by an amount which is equal to the amount of such Distribution depending on when the settlement date in respect of the Offer Shares tendered in acceptance by Shareholders pursuant to the Offer falls, as follows:

**2.5.1** if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the “**Books Closure Date**”), the Offer Price for each Offer Share shall remain unadjusted and the Offeror shall pay to such Accepting Shareholder the Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Share from the Company; or

**2.5.2** if such settlement date falls after the Books Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Offer Share (the Offer Price after such reduction, the “**Adjusted Offer Price**”) and the Offeror shall pay to such Accepting Shareholder the Adjusted Offer Price for each Offer Share, as the Offeror will not receive the Distribution in respect of such Offer Share from the Company.

**2.6 Acceptance Condition.** The Offer is conditional on the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which will result in the Offeror, its related corporations or their respective nominees holding not less than 90 per cent. of the total number of Shares as at the close of the Offer (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which will result in the Offeror meeting the Acceptance Condition.

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

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

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## LETTER TO SHAREHOLDERS

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- 2.7 No Options.** As at the Latest Practicable Date, based on the latest information available to the Offeror, there are no outstanding options exercisable in respect of the Shares.
- 2.8 No Undertakings.** As at the Latest Practicable Date, save for the Reinvestment Irrevocable Undertakings, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Offer.
- 2.9 Warranty.** A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof (i) fully paid, (ii) free from all Encumbrances, and (iii) 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 (if any) all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date.
- 2.10 Choices.** Shareholders can, in relation to all or part of their Offer Shares, either:
- 2.10.1** accept the Offer in respect of such Offer Shares in accordance with the procedures set out in **Appendix 2** to this Offer Document; or
- 2.10.2** take no action and let the Offer lapse in respect of their Offer Shares.

### 3. DETAILS OF THE OFFER

**Appendix 1** to this Offer Document sets out further details on (i) the duration of the Offer, (ii) the settlement of the consideration for the Offer, (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

### 4. PROCEDURES FOR ACCEPTANCE

**Appendix 2** to this Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

### 5. INFORMATION ON THE OFFEROR AND THE CONSORTIUM MEMBERS

- 5.1 The Offeror.** The Offeror, a special purpose vehicle incorporated in Singapore, is the bid vehicle for the Consortium Members, namely (i) the Chuang Family, (ii) Keytech (an investment holding company through which the Chuang Family and the management team of the Company primarily hold interests in the Company) and the Keytech Directors, and (iii) UGT, for the purposes of the Offer pursuant to the Consortium Agreement. It is intended that Keytech will hold approximately 57.77 per cent. equity interest in the Offeror with the remaining approximate 42.23 per cent. held by UGT, following completion of the Reinvestments.

The Consortium Agreement sets out the proposed terms of (i) the Reinvestments, and (ii) the shareholder and governance arrangements between Keytech and UGT in respect of the Offeror, in relation to the Offer and following completion of the Offer, including reserved matters requiring the prior written approval of UGT.

As at the Latest Practicable Date, the board of directors of the Offeror comprises three members, consisting of two representatives of Keytech, being CWF and CTM, and one representative of UGT, being Jeffrey Chen Chang-I (each a “**Consortium Representative**” and collectively, the “**Consortium Representatives**”).

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, the Offeror is wholly owned by UGT and has an initial issued and paid-up share capital of US\$1.00 comprising one ordinary share (each ordinary share in the capital of the Offeror being an “**Offeror Share**”, and a holder thereof, the “**Offeror Shareholder**”). As set out in **Sections 7.1.2 and 7.1.3** of this Offer Document, Keytech will subscribe for additional Offeror Shares pursuant to the Reinvestments.

As at the Latest Practicable Date, the Offeror does not have any existing interest in Shares.

**Appendix 3** to this Offer Document sets out additional information on the Offeror.

**5.2 Chuang Family.** The Chuang Family comprises CWF, the executive chairman of the Company, and his immediate family. CJM is the spouse of CWF, and CTM and CTD are respectively the son and daughter of CWF. CWF and CTM are executive directors of the Company.

**5.3 Keytech.** Keytech is an investment holding company through which the Chuang Family and the management team of the Company primarily hold interests in the Company.

The board of directors of Keytech comprises nine senior members of the management team of the Company. The Keytech Directors are CWF, CTM, GCH, YCK, TJH, HNB, WJ, BYS and ZLQ.

As at the Latest Practicable Date, the Chuang Family collectively holds approximately 49.39 per cent. of the issued ordinary shares (the “**Keytech Shares**”) in the capital of Keytech. The Keytech Directors (excluding CWF and CTM) collectively hold approximately 40.76 per cent. of the Keytech Shares. The remaining Keytech Shares are held by certain other current and former members of the management team of the Company, who collectively hold approximately 9.85 per cent. of the Keytech Shares. It is intended that the Chuang Family will hold a majority of the Keytech Shares, following the Reinvestments.

**5.4 UGT.** UGT is a company incorporated in Hong Kong and a wholly owned subsidiary of USI, a company listed on the Shanghai Stock Exchange (SSE: 601231). UGT’s main business activities are trading and investment holding. USI provides design, miniaturisation, material sourcing, manufacturing, logistics, and after services of electronic devices/modules for brand owners.

USI is in turn a subsidiary of ASE, a company listed on both the New York Stock Exchange (NYSE: ASX) and the Taiwan Stock Exchange (TWSE: 3711). ASE develops and offers complete turnkey solutions covering front-end engineering test, wafer probing and final test, as well as integrated circuit packaging and materials.

UGT has agreed to participate in the Consortium as a strategic investor, in order to deepen its relationship with the Company, strengthen its competitive advantage *vis-à-vis* peers and to enhance and diversify its design and supply chain capabilities.

Jeffrey Chen Chang-I, who is the Consortium Representative in relation to UGT, is the executive Chairman of UGT, the executive Chairman of USI and a director of ASE.

As at the Latest Practicable Date, UGT does not have any existing interest in Shares or Keytech Shares.

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## LETTER TO SHAREHOLDERS

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### 6. INFORMATION ON THE COMPANY

The Company is incorporated in Singapore and listed on the Main Board of the SGX-ST. The Group is engaged in the business of precision components manufacturing, providing high-tech solutions to the automotive, consumer electronics, telecommunications, industrial and medical industries. The Group is headquartered in Singapore and has three manufacturing sites in China (Dongguan, Kunshan and Nantong), and a wide network of sales offices in China, Germany, Japan, the United States and Taiwan to support its products and services, with a focus on the automotive and consumer electronics business segments.

As at the Latest Practicable Date, the board of directors of the Company comprises eight members, consisting of CWF, GCH, YCK, TJH, CTM, Chua Keng Hiang, Teo Kiang Kok and Teng Cheong Kwee.

**Appendix 5** to this Offer Document sets out additional information on the Company.

### 7. IRREVOCABLE UNDERTAKINGS

**7.1 Reinvestment Irrevocable Undertakings.** It is the intention of the Chuang Family, Keytech and the Keytech Directors to retain their existing direct and/or indirect equity interests in the Company. To this end, as at the Latest Practicable Date, each of Keytech and the Direct Shareholders (the “**Reinvestment Undertaking Shareholders**”) has given an irrevocable undertaking (the “**Reinvestment Irrevocable Undertakings**”) to the Offeror to, *inter alia*:

- 7.1.1** tender all the Offer Shares that it/he/she holds in aggregate as at the date of the Reinvestment Irrevocable Undertakings and any other Shares which it/he/she may subsequently acquire (directly or indirectly or through a nominee) after the date of the Reinvestment Irrevocable Undertakings, in acceptance of the Offer by no later than 5.00 p.m. (Singapore time) on the third Business Day after the Despatch Date in accordance with the procedures prescribed in this Offer Document and the relevant Acceptance Forms;
- 7.1.2** in the case of Keytech, reinvest the entire amount of the consideration due to it for its Offer Shares under the Offer to subscribe for new Offeror Shares at the Offer Price (the “**Keytech Reinvestment**”); and
- 7.1.3** in the case of each of the Direct Shareholders, reinvest the entire amount of the consideration due to him/her for his/her Offer Shares under the Offer be applied to subscribe for new Keytech Shares at a subscription price based on the Offer Price, the proceeds of which shall in turn be applied by Keytech to subscribe for new Offeror Shares at a subscription price based on the Offer Price (together with the Keytech Reinvestment, the “**Reinvestments**”).

The Direct Shareholders are directors of Keytech and/or members of the Chuang Family who have a direct shareholding interest in the Company and comprise the following:

- (i) CWF;
- (ii) CTD;



## LETTER TO SHAREHOLDERS

- (iii) CTM;
  - (iv) GCH, an Executive Director and Chief Executive Officer of the Company;
  - (v) YCK, an Executive Director of the Company and President of Dongguan Memtech Electronic Products Co., Ltd;
  - (vi) TJH, an Executive Director of the Company and President of Taitech Precision Electronic (Kunshan) Co., Ltd;
  - (vii) HNB, Vice-President of plastic division of Kunshan Plant;
  - (viii) WJ, General Manager of Nantong Plant;
  - (ix) BYS, General Manager of Dongguan Memtech Electronic Product Co., Ltd;  
and
  - (x) ZLQ, Group Financial Controller,
- (collectively, the “**Direct Shareholders**”).

As at the Latest Practicable Date, the Reinvestment Undertaking Shareholders collectively hold 80,923,460 Shares, representing approximately 57.77 per cent. of the Company. Details of the Shares held by the Reinvestment Undertaking Shareholders that will be tendered in acceptance of the Offer and the amount of consideration entitled to which will be applied pursuant to the Reinvestments are set out below:

No.	Undertaking Shareholder	No. of Shares to be tendered in acceptance of the Offer	Percentage of the total number of Shares (%)	Amount of consideration entitled to, which will be applied to subscribe for new Offeror Shares (S\$)	Amount of consideration entitled to, which will be applied to subscribe for new Keytech Shares, which in turn will be used by Keytech to subscribe for new Offeror Shares (S\$)
1.	Keytech	61,678,400	44.03	83,265,840	–
2.	CWF	5,542,800	3.96	–	7,482,780
3.	CTD	4,504,400	3.22	–	6,080,940
4.	CTM	3,983,200	2.84	–	5,377,320
5.	HNB	1,504,500	1.07	–	2,031,075
6.	GCH	1,445,800	1.03	–	1,951,830
7.	WJ	1,188,180	0.85	–	1,604,043
8.	BYS	407,600	0.29	–	550,260
9.	YCK	400,000	0.29	–	540,000
10.	ZLQ	198,580	0.14	–	268,083
11.	TJH	70,000	0.05	–	94,500
<b>Total</b>		<b>80,923,460</b>	<b>57.77</b>	<b>83,265,840</b>	<b>25,980,831</b>

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## LETTER TO SHAREHOLDERS

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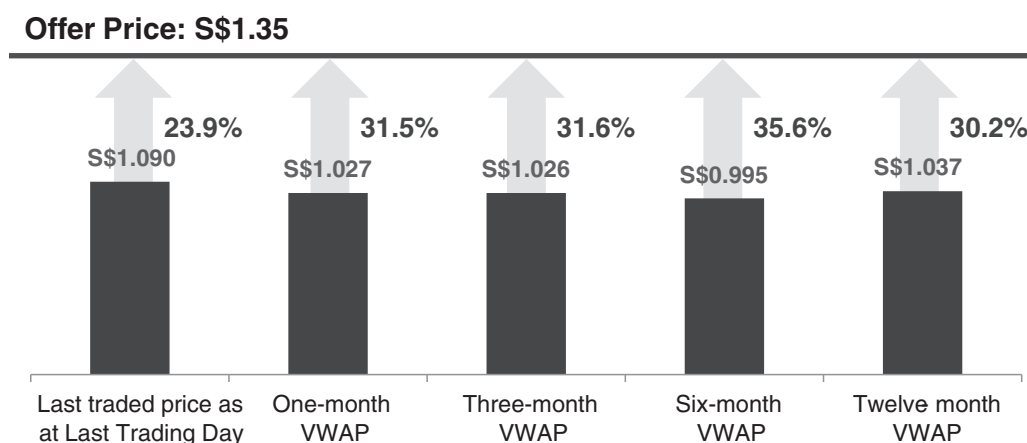
**7.2 Termination.** The Reinvestment Irrevocable Undertakings will terminate or lapse upon the earlier of:

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

**7.3 SIC Confirmation.** Pursuant to an application made by the Offeror to the SIC to seek certain rulings in relation to the Offer, the SIC has confirmed that the Consortium Agreement, the Reinvestment Irrevocable Undertakings and the Reinvestments do not constitute a special deal for the purposes of Rule 10 of the Code.

### 8. RATIONALE FOR THE OFFER

**8.1 Opportunity for Shareholders to Exit their Investment in the Shares at a Premium.** The Offer Price represents a premium of approximately 31.5 per cent., 31.6 per cent., 35.6 per cent. and 30.2 per cent. over the VWAP per Share for the one-month, three-month, six-month and twelve-month periods respectively up to and including the Last Trading Day and a premium of approximately 23.9 per cent. over the closing price per Share of S\$1.09 as quoted on the SGX-ST on the Last Trading Day. The Offer therefore represents an attractive cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices, without incurring any brokerage and other trading costs.



**8.2 Low Trading Liquidity.** The trading volume of the Shares has been generally low, with an average daily trading volume<sup>1</sup> of approximately 523,680 Shares, 383,479 Shares, 227,176

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<sup>1</sup> The average daily trading volume is computed based on the total volume of Shares traded divided by the number of Market Days with respect to the one-month period, three-month period, six-month period and twelve-month period up to and including the Last Trading Day.

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## LETTER TO SHAREHOLDERS

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Shares and 211,939 Shares during the one-month, three-month, six-month and twelve-month periods respectively up to and including the Last Trading Day. Each of these represents less than approximately 0.4 per cent. of the total number of issued Shares (excluding treasury Shares) for any of the aforementioned relevant periods.

The low trading liquidity may not provide Shareholders with sufficient opportunity to efficiently exit their investments in the Company. Hence, the Offer represents a unique cash exit opportunity for Shareholders to liquidate and realise their entire investment at a premium to the prevailing market prices at a fixed price with certainty amidst uncertain economic environment in part due to the ongoing US-Sino trade dispute, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

**8.3 No Necessity for Access to Equity Capital Markets.** Since the Company's initial public offering in 2004, the Company has not carried out any exercise to raise equity capital on the SGX-ST. The Company is unlikely to require access to Singapore equity capital markets to finance its operations in the foreseeable future as the Company has various other available funding sources such as bank borrowing facilities. Accordingly, it is not necessary for the Company to maintain a listing on the SGX-ST.

**8.4 Costs of Maintaining Listing Status.** In maintaining its listed status, the Company incurs compliance and associated costs relating to continuing listing requirements under the Listing Manual. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses and costs relating to the maintenance of a listed status and channel such resources to its business operations.

**8.5 Greater Management Flexibility.** The Offeror is making the Offer with a view to delist the Company from the SGX-ST and exercise its rights of compulsory acquisition. The Offeror believes that privatising the Company will provide the Offeror with more flexibility to manage the business of the Company and optimise the use of the Company's management and resources.

### 9. OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The Offeror intends for the Company to continue its existing business activities and there are currently no plans to (i) introduce any major changes to the business of the Company or the operations of any of its subsidiaries, (ii) re-deploy any of the fixed assets of the Company or (iii) discontinue the employment of any of the existing employees of the Company or its subsidiaries, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Company.

### 10. COMPULSORY ACQUISITION

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

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## LETTER TO SHAREHOLDERS

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In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders, the Offeror intends to exercise its right of compulsory acquisition. In such event, the Company will become a wholly owned subsidiary of the Offeror pursuant to such compulsory acquisition and the Offeror will then proceed to delist the Company from the SGX-ST.

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

### 11. LISTING STATUS OF THE COMPANY

- 11.1 Listing Status of the Company.** Under Rule 723 of the Listing Manual, the Company must ensure that at least 10 per cent. of the total number of the Shares (excluding treasury shares) is at all times held by the public (the **"Free Float Requirement"**).

Under Rule 1105 of the Listing Manual, in the event that the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10 per cent. of the issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public.

Further, under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90 per cent. of the Shares (excluding treasury shares), thus causing the percentage of the Company's total number of Shares (excluding treasury shares) in public hands to fall below 10 per cent., the SGX-ST will suspend trading of Shares at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not complied with, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, for the proportion of the Shares held by members of the public to be raised to at least 10 per cent., failing which the Company may be delisted from the SGX-ST.

- 11.2 Intention of the Offeror.** In the event the Offeror is unable to exercise the right to compulsorily acquire all the Shares not acquired under the Offer as set out in **Section 10** of this Offer Document and the Company does not meet the Free Float Requirement under Rule 723 of the Listing Manual, **the Offeror and the Consortium Members do not intend to maintain or support any action taken or to be taken to meet the Free Float Requirement or maintain the present listing status of the Company.**

**Accordingly, the Offeror and the Consortium Members do not intend to place out any Shares held by the Offeror and the Consortium Members to members of the public to meet the Free Float Requirement. If the Company does not meet the requirements**

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## LETTER TO SHAREHOLDERS

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under Rule 723 of the Listing Manual, the SGX-ST may suspend trading of the Shares on the SGX-ST following the close of the Offer.

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

If, for any reason, the Company continues to meet the requirements under Rule 723 of the Listing Manual following the close of the Offer, the Company will remain listed, and trading of the Shares will be maintained, on the SGX-ST.

### 12. FINANCIAL ASPECTS OF THE OFFER

**Offer Price.** The Offer Price represents:

Description	Benchmark Price (S\$) <sup>(1)(2)</sup>	Premium over Benchmark Price (%) <sup>(3)</sup>
Last traded price per Share as quoted on the SGX-ST on the Last Trading Day, being 10 May 2019	1.090	23.9
VWAP per Share for the one-month period up to and including the Last Trading Day	1.027	31.5
VWAP per Share for the three-month period up to and including the Last Trading Day	1.026	31.6
VWAP per Share for the six-month period up to and including the Last Trading Day	0.995	35.6
VWAP per Share for the twelve-month period up to and including the Last Trading Day	1.037	30.2

**Notes:**

(1) Based on data extracted from Bloomberg L.P. as of 10 May 2019.

(2) Rounded to the nearest three decimal places.

(3) For the purposes of the table above, all percentage figures are rounded to the nearest one decimal place.

### 13. CONFIRMATION OF FINANCIAL RESOURCES

OCBC Bank, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full, all acceptances in respect of the Offer on the basis of the Offer Price, excluding the consideration payable to Keytech for its Offer Shares tendered in acceptance of the Offer which shall be reinvested to subscribe for new Offeror Shares and the consideration payable to the Direct Shareholders for their Offer Shares tendered in acceptance of the Offer which shall be applied to subscribe for new Keytech Shares at a subscription price based on the Offer Price, the proceeds of which shall in turn be applied by Keytech to subscribe for new Offeror Shares at the Offer Price.

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## LETTER TO SHAREHOLDERS

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

**14.1 Holdings of and Dealings in Shares.** Based on the latest information available to the Offeror, **Appendix 8** to this Offer Document sets out details of:

**14.1.1** the number of Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror as at the Latest Practicable Date; and

**14.1.2** the dealings in the Shares by the Offeror and parties acting in concert with the Offeror during the Reference Period.

Save as disclosed in this Offer Document, none of the Offeror, its directors and parties acting in concert with the Offeror owns, controls or has agreed to acquire or has dealt for value during the Reference Period in any Company Securities.

**14.2 Other Arrangements.** As at the Latest Practicable Date, none of the Offeror and parties acting in concert with it have:

**14.2.1** granted any security interest in respect of any Company Securities in favour of any other person, whether through a charge, pledge or otherwise;

**14.2.2** borrowed any Company Securities from any other person (excluding borrowed Company Securities which have been on-lent or sold); or

**14.2.3** lent any Company Securities to any other person.

### 15. OVERSEAS SHAREHOLDERS

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

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

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

**15.2 Copies of Documents.** Where there are potential restrictions on sending this Offer Document, the relevant Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror and OCBC Bank each reserves the right not to send this Offer Document, the relevant Acceptance Forms and/or any related documents to such overseas jurisdictions. Any affected Overseas Shareholder may nonetheless obtain copies of this Offer Document, the relevant Acceptance Forms and/or any related documents during normal business hours from (i) CDP (if he is a Depositor) at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**; or (ii) the office of the Receiving Agent (if he is holding Shares which are not deposited with CDP (**"in scrip form"**) at

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## LETTER TO SHAREHOLDERS

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**112 Robinson Road #05-01, Singapore 068902.** Alternatively, an affected Overseas Shareholder may write to CDP (if he is a Depositor) or the Receiving Agent (if he is holding Shares in scrip form) to request for this Offer Document, the relevant Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.

**15.3 Overseas Jurisdiction.** It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the relevant Acceptance Forms and/or any related document and (ii) accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable in such jurisdictions and the Offeror, its related corporations, the Consortium Members, OCBC Bank, CDP, the Receiving Agent and/or any other person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, the Consortium Members, OCBC Bank, CDP, the Receiving Agent and/or any other person acting on its behalf may be required to pay. In (i) requesting for this Offer Document, the relevant Acceptance Forms and/or any related documents and (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and OCBC Bank that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

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

### **16. GENERAL**

**16.1 Valid Acceptances.** The Offeror and OCBC Bank each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of any of them at any place or places determined by them otherwise than as stated herein or in the relevant Acceptance Forms, as the case may be, or if made otherwise than in accordance with the provisions herein and instructions printed in the relevant Acceptance Forms.

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



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## LETTER TO SHAREHOLDERS

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CPFIS Investors and SRS Investors who validly accept the Offer through appropriate intermediaries will receive the Offer Price payable in respect of their Offer Shares in their respective CPF investment accounts and SRS investment accounts.

- 16.3 Governing Law and Jurisdiction.** The Offer, this Offer Document, the Acceptance Forms and any related documents, all acceptances of the Offer and the exercise thereof, and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. Each of the Offeror and the Accepting Shareholders submit to the non-exclusive jurisdiction of the Singapore courts.
- 16.4 No Third Party Rights.** Unless expressly provided to the contrary in this Offer Document, the Acceptance Forms and/or any related documents, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document, the Acceptance Forms and/or any related documents 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 contracts, those rights are not assignable or transferable.
- 16.5 Accidental Omission.** Accidental omission to despatch this Offer Document, the Acceptance Forms and/or any related documents or any notice or announcement required to be given under the terms of the Offer 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.
- 16.6 Independent Advice.** OCBC Bank is acting for and on behalf of the Offeror and does not purport to advise the Shareholders or any other person. In preparing the letter to Shareholders on behalf of the Offeror, OCBC Bank 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. You must make your own decision as to whether to tender your Shares. If you are in doubt as to the action you should take, you should immediately seek your own advice from your relevant financial, legal or tax advisers or other independent financial adviser. The views of the Independent Directors on the Offer and the independent financial adviser to the Independent Directors on the Offer will be made available to Shareholders in due course and in any event, they are required under the Code to despatch their views within 14 days after the posting of this Offer Document. Shareholders may wish to consider their advice before taking any action in relation to the Offer.
- 16.7 General Information.** Appendix 9 to this Offer Document sets out additional general information relating to the Offer.

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## LETTER TO SHAREHOLDERS

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### 17. RESPONSIBILITY STATEMENT

The directors of the Offeror (including any who may have delegated detailed supervision of this Offer Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offer Document are fair and accurate and that no material facts have been omitted from this Offer Document, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to the Company), the sole responsibility of the directors of the Offeror has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Offer Document.

Yours faithfully,

**Oversea-Chinese Banking Corporation Limited**

For and on behalf of

**M-Universe Investments Pte. Ltd.**

**Any inquiries relating to this Offer Document or the Offer should be directed to the following:**

**Oversea-Chinese Banking Corporation Limited**  
**Tel: +65 6530 8462 (during office hours)**

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## APPENDIX 1 – DETAILS OF THE OFFER

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### 1. DURATION OF THE OFFER

**1.1 First Closing Date.** The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 28 June 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.**

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

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

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

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

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

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

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

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

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

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

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## APPENDIX 1 – DETAILS OF THE OFFER

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

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

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

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

## 2. SETTLEMENT FOR THE OFFER

**2.1 When Settlement of the Offer Consideration is Due.** Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms and to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with such requirements as may be stated in this Offer Document and the relevant FAA or FAT (as the case may be) including, without limitation, (in the case of an Accepting Shareholder holding Offer Shares in scrip form) the receipt by the Offeror of share certificate(s) relating to the Shares tendered by such Accepting Shareholder in acceptance of the Offer and (in the case of a Depositor) the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered by the accepting Depositor in acceptance of the Offer are standing to the credit of the "Free Balance" of the Depositor's Securities Account at the relevant time, then pursuant to Rule 30 of the Code, remittances in the form of S\$ crossed cheques for the aggregate Offer Price in respect of the Offer Shares validly tendered in acceptance of the Offer will be despatched to the Accepting Shareholders (or, in the case of Accepting Shareholders holding Offer Shares tendered in acceptance in scrip form, their designated agents, or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) by ordinary post, at the risk of the Accepting Shareholders, or in such other manner as they may have agreed with CDP for payment of any cash distribution and as soon as practicable and in any case:

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

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

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## APPENDIX 1 – DETAILS OF THE OFFER

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### 3. ANNOUNCEMENTS IN RELATION TO THE OFFER

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

**3.1.1** for which valid acceptances of the Offer have been received;

**3.1.2** held by the Offeror and any persons acting in concert with the Offeror prior to the commencement of the Offer period; and

**3.1.3** acquired or agreed to be acquired by the Offeror and any persons acting in concert with the Offeror during the Offer period,

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

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

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

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

### 4. RIGHT OF WITHDRAWAL OF ACCEPTANCES

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

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

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

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## APPENDIX 1 – DETAILS OF THE OFFER

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the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in Paragraph 3.1 of this **Appendix 1**;

- 4.2.2** withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become or is declared to be unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared to be unconditional as to acceptances;
- 4.2.3** withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such other offer immediately; and
- 4.2.4** withdraw his acceptance within eight days of written notification from the Offeror of any revision of the Acceptance Condition.

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

- 4.3.1** a Shareholder holding Offer Shares which **are not deposited with** CDP must give written notice to the Offeror at **M-Universe Investments Pte. Ltd. c/o M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902**; and
- 4.3.2** a Shareholder holding Offer Shares which **are deposited with** CDP must give written notice to the Offeror at **M-Universe Investments Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984, Singapore 903934**.

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

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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### 1. THE OFFER

#### 1.1 Depositors

**1.1.1 Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Offer Document together with a FAA. If you do not receive a FAA, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from (i) CDP at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588** or (ii) the Registrar at **112 Robinson Road #05-01, Singapore 068902**. Electronic copies of the FAA may also be obtained on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

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

- (i) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. **In particular, you must state in Part A on page 1 of the FAA the number of Offer Shares in respect of which you wish to accept the Offer.**
  - (a) 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. (Singapore time) 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. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date);**
  - (b) you shall be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account **as at 5.00 p.m. (Singapore time) 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. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date);** and
  - (c) if, at the time of verification by CDP of the FAA on the Date of Receipt, if sub-paragraph (i)(a)(II) above applies, and there are outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (the “**Unsettled Buy Position**”), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred into the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. on the Closing Date (the “**Settled Shares**”), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Part A of the FAA which have not yet been accepted pursuant to sub-paragraph (i)(a)(II) above, or the number of Settled Shares, whichever is less;



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- (ii) sign the FAA in accordance with Paragraph 1.1 of this **Appendix 2** and the instructions printed on the FAA; and
- (iii) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
  - (a) by hand to **M-Universe Investments Pte. Ltd. c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**; or
  - (b) by post, in the enclosed pre-addressed envelope at your own risk, to **M-Universe Investments Pte. Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934**,

**in each case so as to arrive NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.** If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will 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' or transferees' own risk to their respective addresses as they appear in the records of CDP.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. Such Electronic Acceptance must be submitted **NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.** CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

- 1.1.2 Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST 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 a FAA in respect of such Offer Shares bearing your name and Securities Account number from CDP. If you do not receive that FAA, you may obtain a copy, upon production of satisfactory evidence that you have purchased the Offer Shares on the SGX-ST, from CDP at **9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**. Electronic copies of the FAA may also be obtained on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).



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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

- (i) complete and sign the FAA in accordance with Paragraph 1.1 of this **Appendix 2** and the instructions printed on the FAA; and
- (ii) deliver the completed and signed FAA in its entirety (no part may be detached or otherwise mutilated):
  - (a) by hand to **M-Universe Investments Pte. Ltd. c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588**; or
  - (b) by post, in the enclosed pre-addressed envelope at your own risk, to **M-Universe Investments Pte. Ltd. c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934**,

**in each case so as to arrive NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.** If the completed and signed FAA is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address.

**1.1.3 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 and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to the “Free Balance” of your Securities Account only after the “Free Balance” of your Securities Account has been credited with such additional number of Offer Shares purchased.

**1.1.4 Rejection.** Your acceptance in respect of such Offer Shares is liable to be rejected 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) by 5.00 p.m. (Singapore time) 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. (Singapore time) on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date), unless Paragraph 1.1.1(i)(a)(II) read with Paragraph 1.1.1(i)(c) above apply. If the Unsettled Buy Position does not settle by 5.30 p.m. on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. **None of CDP, OCBC Bank and the Offeror (or, for the avoidance of doubt, any of the Offeror’s related corporations or any Consortium Member) accepts any responsibility or liability in relation to such rejections, including the consequences thereof.**

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date if the Date of Receipt is on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date). **None of CDP, OCBC Bank and the Offeror (or, for the avoidance of doubt, any of the Offeror’s related corporations or any Consortium Member) accepts any responsibility or liability in relation to such rejections, including the consequences thereof.**

- 1.1.5 General.** No acknowledgement will be given by CDP for submissions of the FAA. All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number through CDP Online if you have registered for the CDP Internet Access Service, or through CDP Phone Service using SMS OTP, under the option “To check your securities balance”.
- 1.1.6 Blocked Balance.** Upon receipt by CDP, for and on behalf of the Offeror, of the duly completed and signed original of the FAA, CDP will take such measures as it may consider necessary or 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 Offer Price for such Offer Shares (including, without limitation, earmarking, blocking and/or transferring the relevant number of such Offer Shares from the “Free Balance” of your Securities Account to the “Blocked Balance” of your Securities Account). Such Offer Shares will be held in the “Blocked Balance” of your Securities Account until the Offer Price for such Offer Shares has been despatched to you, in the event of the Offer becoming or being declared to be unconditional in all respects in accordance with its terms.
- 1.1.7 Broker-linked Balance.** If you hold Offer Shares in a “Broker-linked Balance” and you wish to accept the Offer in respect of such Offer Shares, you must take the relevant steps to transfer such Offer Shares out of the “Broker-linked Balance” to the “Free Balance” of your Securities Account. The FAA may not be used to accept the Offer in respect of Offer Shares in a “Broker-linked Balance”.
- 1.1.8 Settlement.** Settlement of consideration under the Offer will be subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relates are credited to the “Free Balance” of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and lodged (i) by hand with **M-Universe Investments Pte. Ltd., c/o The Central Depository (Pte) Limited at 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, with **M-Universe Investments Pte. Ltd., c/o The Central Depository (Pte) Limited at Robinson Road Post Office P.O. Box 1984, Singapore 903934**.

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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**1.1.9 Notification.** In the event that you have accepted the Offer in accordance with the provisions contained in the FAA and in this Offer Document and the Offer becomes or is declared unconditional in all respects in accordance with its terms, upon the Offeror's despatch of consideration for the Offer Shares in respect of which you have accepted the Offer, 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 in the form of S\$ crossed cheques for the aggregate Offer Price in respect of the Offer Shares validly tendered in acceptance of the Offer will be despatched to you by ordinary post, at your own risk, or in such other manner as you may have agreed with CDP for payment of any cash distribution and as soon as practicable and in any case:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received **on or before** the Offer Unconditional Date, within seven Business Days after that date; or
- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received **after** the Offer Unconditional Date, but on or before the Closing Date, within seven Business Days after the date of receipt of each such acceptance.

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

**1.1.11 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.

**1.1.12 Acceptances received on Saturday, Sunday or public holiday.** For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.

### 1.2 Holders of Offer Shares in Scrip Form

**1.2.1 Shareholders whose Offer Shares are not deposited with CDP.** If you hold Offer Shares in scrip form, you should receive this Offer Document together with a FAT. If you do not receive a FAT, you may obtain a copy, upon production of satisfactory evidence that you are a Shareholder, from the Receiving Agent, at its office located at **112 Robinson Road #05-01, Singapore 068902**. Electronic copies of the FAT may also be obtained on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

- (i) complete page 1 of the FAT in accordance with this Offer Document and the instructions printed on the FAT. **In particular, you must state in Part A of the FAT the number of Offer Shares in respect of which you wish to accept the Offer and state in Part B of the FAT the share certificate number(s) of the relevant share certificate(s).** If you:

- (a) do not specify such number in **Part A** of the FAT; or
- (b) specify a number in **Part A** of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,

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

- (ii) sign the FAT in accordance with Paragraph 1.2 of this **Appendix 2** and the instructions printed on the FAT; and

- (iii) deliver:

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

either:

- (1) by **hand** to **M-Universe Investments Pte. Ltd. c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902**; or
- (2) by **post**, in the enclosed pre-addressed envelope **at your own risk**, to **M-Universe Investments Pte. Ltd. c/o M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902**,

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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**in each case so as to arrive NOT LATER THAN 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE.** If the completed and signed FAT is delivered by post to the Offeror, please use the pre-addressed envelope which is enclosed with the FAT. It is your responsibility to affix adequate postage on the said envelope. Settlement of the Offer Price for such Offer Shares cannot be made until all relevant documents have been properly completed and delivered. Proof of posting is not proof of receipt by the Offeror at the above address.

- 1.2.3 No Acknowledgements.** No acknowledgment of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other document(s) required will be given by the Offeror, OCBC Bank or the Receiving Agent.
- 1.2.4 Risk of Posting.** All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first-named in the Register, as the case may be) will be sent by ordinary post to your respective addresses as they appear in the records of the Registrar (or for the purposes of remittances only, to such address as may be specified in the FAT) at your sole risk.
- 1.2.5 Return of Offer Shares.** In the event that the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you by ordinary post to your relevant address as it appears in the records of the Registrar (or in the case of joint shareholders, to the joint accepting shareholder first-named in the Register) at your own risk as soon as possible but, in any event, within 14 days from withdrawal or lapse of the Offer.
- 1.2.6 Acceptances received on Saturday, Sunday or public holiday.** For the avoidance of doubt, FATs received by the Receiving Agent on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.

## 2. GENERAL

- 2.1 Disclaimer and Discretion.** The Offeror, OCBC Bank, CDP and/or the Receiving Agent will be authorised and entitled, at their sole and absolute discretion, to reject or treat as valid any acceptance of the Offer through the FAA and/or FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, signed but not in its originality, unsigned or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the relevant Acceptance Forms are properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance of the Offer through the FAA and/or FAT, as the case may be, will be final and binding and none of the Offeror (or, for the avoidance of doubt, any of the Offeror's related corporations or any Consortium Member), OCBC Bank, CDP and/or the Receiving Agent accepts any responsibility or liability for such a decision, including the consequences of such a decision. CDP takes no responsibility for any decision made by the Offeror or OCBC Bank.

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

- 2.2 Scripless and Scrip Offer Shares.** If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this **Appendix 2** and the respective Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.
- 2.3 Deposit Time.** If you hold the share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit your share certificate(s) with CDP during the period commencing on the date of this Offer Document and ending on the Closing Date (both dates inclusive). If you deposit your share certificate(s) in respect of the Offer Shares beneficially owned by you with CDP during this period, you may not have your respective Securities Accounts credited with the relevant number of Offer Shares in time for you to accept the Offer. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in Paragraph 1.2 of this **Appendix 2**.
- 2.4 Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the Register) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Registrar, as the case may be, at the risk of the person entitled thereto (or, for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAA or FAT, as the case may be, at your own risk).
- 2.5 Evidence of Title.** Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, to the Offeror (or its nominee) and/or CDP and/or the Receiving Agent, shall be conclusive evidence in favour of the Offeror (or its nominee), OCBC Bank, CDP and/or the Receiving Agent of the right and title of the person signing it to deal with the same and with the Offer Shares to which it relates.
- 2.6 Loss in Transmission.** The Offeror, OCBC Bank, 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.
- 2.7 Acceptances Irrevocable.** Your completion, execution and submission of the FAA and/or the FAT shall constitute your irrevocable acceptance of the Offer, on the terms and subject to the conditions contained in this Offer Document and the FAA and/or the FAT. Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable 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 FAT, as the case may be, has been received shall be disregarded.

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## APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

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**2.8 Personal Data Privacy.** By completing and delivering a FAA and/or FAT, each person (i) consents to the collection, use and disclosure of his personal data by the Registrar, the Receiving Agent, Securities Clearing and Computer Services (Pte) Ltd, CDP, CPF Board, the SGX-ST, the Offeror, OCBC Bank and the Company (the “**Specified Persons**”) for the purpose of facilitating his acceptance of the Offer, and in order for the Specified Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Specified Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.



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## APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

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### 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
Jeffrey Chen Chang-I	Room 1901, 333 Keeling Road, Section 1 Taipei, Taiwan	Director
Chuang Wen Fu	19 Goodman Road, Singapore 438983	Director
Chuang Tze Mon (Zhuang Zimeng)	19 Goodman Road, Singapore 438983	Director

### 2. PRINCIPAL ACTIVITIES

The Offeror is a special purpose vehicle which has been incorporated in Singapore as the bid vehicle for the Consortium Members for the purposes of the Offer. The principal activity of the Offeror is that of an investment holding company. As at the Latest Practicable Date, the Offeror is wholly owned by UGT and has an issued and paid-up share capital of US\$1 comprising one Offeror Share.

### 3. FINANCIAL INFORMATION

As the Offeror was incorporated on 15 April 2019, no audited or unaudited financial statements of the Offeror have been prepared to date.

As no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date, there are no significant accounting policies to be noted.

### 4. MATERIAL CHANGES IN FINANCIAL POSITION

Save as a result of the making and financing of the Offer, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Offeror since its incorporation.

### 5. REGISTERED OFFICE

The registered office of the Offeror is situated at 1 Marina Boulevard, #28-00, One Marina Boulevard, Singapore 018989.



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## APPENDIX 4 – ADDITIONAL INFORMATION ON USI

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### 1. DIRECTORS

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

Name	Address	Description
Jeffrey Chen Chang-I	Room 1901, 333 Keeling Road, Section 1 Taipei, Taiwan	Executive Chairman
Wei, Chen-Yen	5/F, Block B, No. 169, Shengxia Road, Pudong District, Shanghai	General Manager & Director
Uang, Du-Tsuen	Room 1901, 333 Keeling Road, Section 1 Taipei, Taiwan	Director
Chen, Tien-Szu	Room 1901, 333 Keeling Road, Section 1 Taipei, Taiwan	Director
Rutherford Chang	8/F, Block B, No. 169, Shengxia Road, Pudong District, Shanghai	Director
Neng Chao Chang	8/F, Block B, No. 169, Shengxia Road, Pudong District, Shanghai	Director
Charles Chang	5/F, Block B, No. 169, Shengxia Road, Pudong District, Shanghai	Independent Director
Yun Wei Tang	5/F, Block B, No. 169, Shengxia Road, Pudong District, Shanghai	Independent Director
Yi Yun Chu	5/F, Block B, No. 169, Shengxia Road, Pudong District, Shanghai	Independent Director

### 2. PRINCIPAL ACTIVITIES

USI is incorporated in Shanghai and is a public limited company listed on the Shanghai Stock Exchange (SSE: 601231). USI provides design, miniaturisation, material sourcing, manufacturing, logistics, and after services of electronic devices/modules for brand owners. USI is a subsidiary of ASE, a company listed on both the New York Stock Exchange (NYSE: ASX) and the Taiwan Stock Exchange (TWSE: 3711). ASE develops and offers complete turnkey solutions covering front-end engineering test, wafer probing and final test, as well as integrated circuit packaging and materials.

### 3. FINANCIAL INFORMATION

Set out below are certain financial information extracted from USI's unaudited consolidated financial statements as at and for the first quarter ended 31 March 2019, and the audited consolidated financial statements of USI for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

## APPENDIX 4 – ADDITIONAL INFORMATION ON USI

	Unaudited	← Audited →		
	First Quarter ended 31 March 2019	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
<i>RMB</i>				
Turnover	7,674,623,134.35	33,550,275,008.23	29,705,684,977.64	23,983,883,716.87
Exceptional items	0	0	0	0
Net profit/(loss) before taxes	260,914,271.42	1,393,319,924.19	1,564,425,899.32	1,007,351,195.54
Net profit/(loss) after taxes	223,018,808.85	1,179,967,596.16	1,314,091,319.77	806,266,321.83
Attributable to:				
Parent company	223,059,480.89	1,179,715,136.02	1,313,890,423.23	805,581,752.30
Minority interests	(40,672.04)	252,460.14	200,896.54	684,569.53
Net earnings per share	0.10	0.54	0.60	0.37
Net dividends per share	0	0.164	0.185	0.118

A copy of the audited consolidated balance sheet of USI as at 31 December 2018 and the unaudited consolidated balance sheet as at 31 March 2019, which has been extracted from the unaudited consolidated financial statements of USI for the first quarter ended 31 March 2019, is set out in **Appendix 6** to this Offer Document.

Copies of the audited consolidated financial statements of USI for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 and the unaudited consolidated financial statements of USI for the first quarter ended 31 March 2019 are available on the website of USI at <https://www.usiglobal.com/en> and are available for inspection at the offices of M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902.

#### 4. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the making and financing of the Offer and/or save as announced by USI in its announcements on the Shanghai Stock Exchange, there have been no known material changes in the financial position of USI since 31 December 2018, being the date of the last audited accounts of USI laid before the shareholders of USI in general meeting.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of USI from the audited consolidated financial statements of USI for the year ended 31 December 2018 as translated into the English language are set out in **Appendix 7** to this Offer Document.

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## APPENDIX 4 – ADDITIONAL INFORMATION ON USI

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### 6. CHANGES IN ACCOUNTING POLICIES

There has been no change in the accounting policies of the USI group which will cause the figures set out in Paragraph 3 of this **Appendix 4** to be not comparable to a material extent, save as announced by USI in its announcements on the Shanghai Stock Exchange and save that the New Revenue Standard, the New Financial Tool Standard and the Presentation Format of Financial Statement under China Corporation Accounting Standard (China IFRS) was recently implemented. A summary statement of the impact of the new implementation of the New Revenue Standard, the New Financial Tool Standard and the Presentation Format of Financial Statement is set out in **Appendix 7** to this Offer Document.

### 7. REGISTERED OFFICE

The registered office of USI is situated at No. 1558, Zhangdong Rd., Integrate Circuit Industry Zone, Zhangjiang Hi-tech Park, Shanghai.

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## APPENDIX 5 – ADDITIONAL INFORMATION ON THE COMPANY

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### 1. DIRECTORS

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

Name	Address	Description
Chuang Wen Fu	19 Goodman Road, Singapore 438983	Executive Chairman
Gu Cheng Hua	102,5#, Wen Fen Yi Jin Yuan, Nantong, Jiangsu China	Executive Director and Chief Executive Officer
Yap Chin Kuan	27 Tanah Merah Kechil Ridge, Singapore 465548	Executive Director and President of Dongguan Memtech Electronic Products Co., Ltd.
Teow Joo Hwa	77D Lorong Marican, Singapore 417275	Executive Director and President of Taitech Precision Electronic (Kunshan) Co., Ltd.
Chuang Tze Mon (Zhuang Zimeng)	19 Goodman Road, Singapore 438983	Executive Director and Vice-President for Corporate Strategy
Chua Keng Hiang	Block 942, Tampines Avenue 5, #10-237, Tampines Palmsville, Singapore 520942	Non-executive and Independent Director
Teo Kiang Kok	9 Jalan Ilmu, Capitol Park, Singapore 299202	Non-executive and Independent Director
Teng Cheong Kwee	16B Margoliouth Road, #06-03, Chatelet, Singapore 258542	Non-executive and Independent Director

### 2. SHARE CAPITAL

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of US\$57,808,000 comprising 140,080,878 issued Shares (excluding 3,919,120 treasury shares).

### 3. MATERIAL CHANGES IN FINANCIAL POSITION

To the knowledge of the Offeror, as at the Latest Practicable Date, save as disclosed in any information on the Company which is publicly available (including without limitation, the announcements released by the Company on the SGX-ST), there are no material changes in the financial position or prospects of the Company since 31 December 2018, being the date of the last audited financial statements laid before the Shareholders in general meeting.

A copy of the audited consolidated financial statements of Memtech for the year ended 31 December 2018 is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

### 4. REGISTERED OFFICE

The registered office of the Company is at 89 Short Street, Golden Wall Centre #04-01 Singapore 188216.

## APPENDIX 6 – BALANCE SHEET OF USI

The consolidated balance sheet of USI as at 31 December 2018 and as at 31 March 2019 has been extracted from the unaudited consolidated financial statement of USI for the first quarter ended 31 March 2019 and translated into the English language as set out below. Such translation has been prepared for the purposes of inclusion in this Offer Document and for Shareholders' ease of reference only.

Item	31 March 2019 (RMB) (unaudited)	31 December 2018 (RMB) (audited)
Current Assets:		
Monetary Funds	5,106,912,793.72	4,610,754,896.85
Trading Financial Assets	508,458,293.39	443,680,687.55
Notes and Accounts Receivable	4,920,256,987.95	7,649,824,212.86
Including: Notes Receivable	3,930,330.58	61,706,494.62
Accounts Receivable	4,916,326,657.37	7,588,117,718.24
Advance Payment	16,574,693.79	22,008,357.80
Other Receivables	68,951,900.78	87,574,357.29
Including: Interests Receivable	1,765,849.89	4,553,084.29
Stock	4,434,543,445.23	4,760,159,720.87
Other Current Assets	298,658,854.36	321,125,633.14
Total Current Assets	15,354,356,969.22	17,895,127,866.36
Non-current Assets:		
Other Equity Instrument Investments	27,567,301.84	27,033,603.84
Other Non-current Financial Assets	41,631,684.08	0.00
Fixed Assets	1,489,243,097.82	1,544,556,661.08
Construction in Progress	67,264,448.55	49,408,708.62
Right-of-Use Assets	645,692,638.59	Not Applicable
Intangible Assets	32,353,240.42	26,868,247.73
Long-term Unamortised Expenses	296,666,435.16	301,227,310.48
Deferred Income Tax Assets	231,314,302.38	239,447,868.23
Other Non-current Assets	51,827,545.16	67,723,538.76
Total Non-current Assets	2,883,560,694.00	2,256,265,938.74
Total Assets	18,237,917,663.22	20,151,393,805.10
Current Liabilities:		
Short-term Loans	1,281,798,307.73	1,471,773,736.86
Notes and Accounts Payable	5,508,577,675.20	8,093,311,711.72
Accounts Collected in Advance	81,500.00	0.00
Payroll Payable	457,685,477.61	475,867,423.67
Tax Payable	150,210,978.98	144,173,572.13

## APPENDIX 6 – BALANCE SHEET OF USI

Item	31 March 2019 (RMB) (unaudited)	31 December 2018 (RMB) (audited)
Other Payables	322,994,163.09	315,153,590.20
Including: Interests Payable	1,957,508.10	3,895,069.64
Contract Liabilities	96,446,100.17	70,350,063.25
Non-current Liabilities Due Within One Year	80,905,295.45	0.00
Other Current Liabilities	26,172,901.65	26,098,790.78
Total Current Liabilities	7,924,872,399.88	10,596,728,888.61
Non-current Liabilities:		
Lease Liabilities	567,231,731.99	Not Applicable
Long-term Payroll Payable	101,933,239.25	105,681,321.15
Estimated Liabilities	2,489,602.00	3,102,460.97
Deferred Incomes	40,244,405.06	34,097,717.50
Other Non-current Liabilities	1,934,910.41	1,881,460.42
Total Non-current Liabilities	713,833,888.71	144,762,960.04
Total Liabilities	8,638,706,288.59	10,741,491,848.65
Owner's Equity (or Shareholder's Equity):		
Paid-in Capital (or Share Capital)	2,175,923,580.00	2,175,923,580.00
Capital Reserve	1,659,981,392.94	1,656,230,955.71
Other Comprehensive Incomes	(79,944,001.29)	(44,312,343.67)
Earned Surplus	363,637,158.94	363,637,158.94
Undistributed Profit	5,479,613,244.04	5,256,553,763.15
Total Owner's Equity (or Shareholder's Equity) Attributable To Parent Company	9,599,211,374.63	9,408,033,114.13
Minority Equity		1,868,842.32
Total Owner's Equity (or Shareholder's Equity)	9,599,211,374.63	9,409,901,956.45
Total Liabilities and Owner's Equity (or Shareholder's Equity)	18,237,917,663.22	20,151,393,805.10

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## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

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The significant accounting policies of USI from the audited consolidated financial statements of USI for the year ended 31 December 2018 as translated into the English language are set out below. Such translation has been prepared for the purposes of inclusion in this Offer Document and for Shareholders' ease of reference only. A copy of the audited consolidated financial statements of USI for the year ended 31 December 2018 which contains the significant accounting policies and which is in the Chinese language is available on the website of USI at <https://www.usiglobal.com/en> and is available for inspection at the offices of M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902.

References to the "Company" and to the "Group" in this Appendix 7 refers to USI, and USI and its subsidiaries respectively.

### IV. Basis of Preparation of Financial Statements

#### 1. Basis of Preparation

The Company and its subsidiaries (the "**Group**") have adopted the corporate accounting standards and related regulations promulgated by the Ministry of Finance. In addition, the Group has also disclosed relevant financial information in accordance with *Information Disclosure and Preparation Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports* (Revised in 2014).

#### 2. Going Concern

The Group has evaluated its ability to continue as a going concern for the 12-month period starting from December 31 2018, and has not identified any issue or circumstance that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

### V. Important Accounting Policies and Accounting Estimates

Detailed Reminders for Accounting Policies and Accounting Estimates:

#### 1. Statement of Compliance with Corporate Accounting Standards

The financial statements of the Company have been prepared in compliance with corporate accounting standards, and truly and completely represent the financial position, operating results, changes in shareholders' equity and cash flows of the Company.

#### 2. Accounting Period

The accounting year of the Company begins on January 1 and ends on December 31 of the Gregorian calendar.

#### 3. Business Cycle

The business cycle refers to the period from an enterprise's purchase of assets for processing purposes to the realization of those assets in cash or cash equivalents. The Group's business cycle is less than 12 months, and the Group adopts 12 months as the liquidity classification standard for assets and liabilities.

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## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

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### 4. Reporting Currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries adopt RMB as their reporting currency. The Company’s foreign subsidiaries choose the US dollar (“USD”), the Japanese Yen, or the New Taiwan Dollar (TWD) as their reporting currency on the basis of the primary economic environment in which they operate. The Company adopts RMB in preparing the financial statements.

### 5. Accounting Treatment Method for Business Combination under the Same Control and Not under the Same Control

Business combinations are classified into business combinations under the same control and business combinations not under the same control.

#### 5.1 Business Combination under the Same Control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and such control is not transitory or temporary.

Assets and liabilities obtained during a business combination shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate nominal value of shares issued) is adjusted to the capital premium in capital reserve. If the capital premium is not sufficient to offset/absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the business combination are recorded into profits or losses when they are incurred.

#### 5.2 Business Combinations Not under the Same Control and Business Reputation

A business combination not under the same control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of a business combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services as well as other associated administrative expenses attributable to the business combination shall be recorded in current profit or loss when they are incurred.

The acquiree’s identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination and confirmed to be in compliance with the recognition criteria, shall be measured at fair value at the combination date.

Where the cost of a business combination exceeds the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, the difference shall be recognized as goodwill as an asset and measured at cost. Where the cost of a business combination is less than the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, the difference shall be accounted for as follows: firstly, the acquirer shall reassess the measurement of the fair values of the acquiree’s identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination; then, if after that reassessment, the cost of combination is still less than the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, the remaining difference shall be recognized in profit or loss for the current period.

Goodwill arising from a business combination shall be measured at cost less accumulated impairment losses, and shall be presented separately in the consolidated financial statements



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### 6. Method for Compiling Consolidated Financial Statements

#### 6.1 Method for Compiling Consolidated Financial Statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control refers to an investor's power over an investee, where the investor is exposed or entitled to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. If any changes in any of the related facts and circumstances lead to a changes in any of the related elements of control as defined above, the Group shall conduct a reassessment.

The combination of a subsidiary starts with the Group's obtaining control over the subsidiary and ends with the Group's losing control of the subsidiary.

As for any subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

As for any subsidiary acquired through a business combination not under the same control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

As for any subsidiary acquired through a business combination under the same control, such subsidiary shall be included in the Group's scope of consolidation of the Group as if it had been included in the scope of consolidation from the date when it first came under the same control of the ultimate controlling party. Its operating results and cash flows from the beginning of the earliest reporting period or the date when it first came under the same control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The important accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

Any impact on the consolidated financial statements as a result of any internal transaction between the Company and any of its subsidiaries or between its subsidiaries is offset upon consolidation.

The portion of owners' equity of a subsidiary that is not attributable to the Parent Company is treated as minority equity and presented as "minority equity" under shareholders' equity in the consolidated balance sheet. The portion of net profits or losses of subsidiaries for the period that are attributable to minority equity are presented as "profit or loss attributable to minority equity" below the "net profit" line item in the consolidated income statement.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority equity.

Any acquisition of minority equity or disposal of part of the interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the owners' equity and minority equity attributable to the Parent Company are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority equity is adjusted and the fair value of the consideration paid or received is adjusted to the capital reserve. If the capital reserve is not sufficient to offset the difference, the excess is adjusted against retained earnings.

### 7. Classification of Joint Venture Arrangements and Common Management Accounting Methods

Not Applicable

### 8. Criteria for Determining Cash and Cash Equivalents

Cash refers to cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents refer to the Group's short-term (with maturity within three months following the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

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### 9. Foreign Currency Business and Foreign Currency Statement Translation

#### 9.1 Foreign Currency Business

A foreign currency transaction is recorded, on initial recognition, by applying the approximate rate of the spot exchange rate on the date of the transaction, which is determined by applying the central parity rate of the market at the beginning of the month in which the transaction occurs.

Monetary items denominated in foreign currencies are translated into the reporting currency using the spot exchange rate prevailing at the balance sheet date. Exchange differences arising from differences between the spot exchange rate prevailing at the balance sheet date and that on initial recognition or at the previous balance sheet date are recognized in current profits and losses, except that (1) exchange differences related to a specific-purpose borrowing denominated in a foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying balances, other than amortized cost, of available-for-sale monetary items denominated in foreign currencies are recognized as other comprehensive income.

When the consolidated financial statements include overseas operations, and if there is a foreign currency monetary item substantially constituting a net investment in an overseas operation, exchange difference arising from changes in exchange rates are recognized as “exchange differences arising on translation of financial statements denominated in foreign currencies” in other comprehensive income, and in current profits and losses upon disposal of the overseas operation.

Any non-monetary item in a foreign currency measured at historical cost is translated to an amount in the reporting currency at the spot exchange rate prevailing on the date of the transaction. Any non-monetary item in a foreign currency measured at fair value is re-translated at the spot exchange rate prevailing on the date the fair value is determined. Any difference between the re-translated and the original reporting currency amount is recorded in current profit and loss or recognized as other comprehensive incomes as a change in fair value (including changes in exchange rates).

#### 9.2 Foreign Currency Statement Translation

For the purpose of preparing the consolidated financial statements, financial statements of an overseas operation are translated from the foreign currency into RMB using the following method: assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the approximate rates of the spot exchange rates on the transaction dates; the difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive incomes in the shareholders' equity.

Any cash flow arising from a transaction in foreign currency or any cash flow of a foreign subsidiary shall be translated at the approximate rate of the spot exchange rate on the date when such cash flow occurs. The effect of exchange rate changes on cash and cash equivalents shall be regarded as a reconciling item and presented separately in the cash flow statement as “effect of exchange rate changes on cash and cash equivalents”.

The opening balances and the comparative figures of the previous year are presented at the translated amounts in the previous year's financial statements. If the control over an overseas operation is lost upon the Group's disposal of all owners' equity or part of its interest in such overseas operation or due to any other reason, the foreign currency statement translation differences of owners' equity that are listed under shareholders' equity in the balance sheet, related to such overseas operation and attributable to the Parent Company shall be transferred all together to current profits and losses.

If the percentage of the interest in an overseas operation is reduced without the loss of control over such overseas operation upon the Group's disposal of part of its interest in such overseas operation or due to any other reason, the foreign currency statement translation differences related to part of the interest in the overseas operation that has been disposed of shall be attributable to minority equity without being transferred to current profits and losses. Upon disposal of part of the interest in an overseas operation that is an associate or joint venture, the foreign currency statement translation differences related to the overseas operation shall be transferred to current profits and losses in accordance with the percentage of the part of the interest in the overseas operation that has been disposed of.

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### 10. Financial Tool

A financial asset or liability is recognized when the Group becomes a party to the contract of a financial tool.

As for any regular purchase or sale of any financial asset, the asset to be received and all the liabilities to be borne for that are recognized on the transaction date, or the asset already sold is derecognized on the transaction date.

Financial assets and liabilities are measured at fair value upon initial recognition. For financial assets and liabilities measured at fair value and the changes of which are recorded into current profits and losses, related transaction costs are directly included in current profits and losses. For other types of financial assets and liabilities, related transaction costs are included in their initial recognized amounts. When the Group, in accordance with *Corporate Accounting Standards No.14 – Revenue* ("Revenue Standard"), initially recognizes any account receivable that doesn't contain any significant financing component, or does not consider any account receivable that contains any financing component in any contract of less than one year, the initial measurement is conducted on the basis of the transaction price as defined in the Revenue Standard.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over the relevant accounting period.

The effective interest rate is the rate that discounts estimated future cash flows throughout the expected life of a financial asset or liability to the carrying balance of the financial asset or the amortized cost of the financial liability. In calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability, such as early repayment, term extension, and call options or other similar options, without considering future credit losses.

The amortized cost of a financial asset or liability is an amount obtained by adding to or subtracting from the initial recognized amount of the financial asset or liability with the paid principal deducted the cumulative amortized amount generated on the basis of amortization of the difference between the initial recognized amount and the amount of the maturity date using the effective interest method, and then subtracting the cumulative impairment reserve (only applicable to financial assets).

#### 10.1 Classification and Measurement of Financial Assets

After initial recognition, the Group measures the different types of financial assets at amortized cost, at fair value and changes recorded into other comprehensive incomes, or at fair value and changes recorded in current profit or loss.

If the contractual terms of a financial asset stipulate that a cash flow generated on a specific date is only a payment of the principal and the interest of the outstanding principal amount, and the business model of the Group to manage the financial asset is to collect contractual cash flows, then the Group classifies the financial asset as a financial asset measured at amortized cost. Such financial assets mainly include monetary funds, notes receivable and accounts receivable, and other receivables.

If the contractual terms of a financial asset stipulate that a cash flow generated on a specific date is only a payment of the principal and the interest of the outstanding principal amount, and the business model of the Group to manage the financial asset is to collect contractual cash flows and sell the financial asset, then the financial asset is classified as a financial asset measured at fair value and the changes of which are recorded into other comprehensive incomes. Such financial assets are other debt investments. Other debt investments matured within one year (including one year) from the balance sheet date are listed as non-current assets matured within one year; other debt investments matured within one year (including one year) when being obtained are listed as other current assets.

Financial assets measured at fair value and the changes of which are recorded into current profits and losses, including financial assets classified to be measured at fair value and the changes of which are recorded into current profits and losses, and financial assets designated to be measured at fair value and the changes of which are recorded into current profits and losses, are listed as trading financial assets, except derivative financial assets. Those matured in more than one year and expected to be held for more than one year from the balance sheet date are listed as other non-current financial assets.

- Financial assets that cannot meet the conditions for classification as financial assets measured at

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amortized cost or financial assets measured at fair value and the changes of which are recorded into other comprehensive incomes are classified as financial assets measured at fair value and the changes of which are recorded into current profits and losses.

- Upon initial recognition, the Group may irrevocably designate a financial asset to be measured at fair value and the changes of which are recorded into current profits or losses to eliminate or significantly reduce accounting mismatches, or if the hybrid contract containing embedded derivatives meets the conditions.

Upon initial recognition, the Group may irrevocably designate non-tradable equity instrument investments, other than contingent considerations, recognized in a business combination not under the same control as financial assets measured at fair value and the changes of which are recorded into other comprehensive incomes. Such financial assets are presented as other equity instrument investments.

A financial asset is classified as held by the Group for trading:

- if the financial asset has been acquired principally for the purpose of selling in the near term,
- if the financial asset, upon initial recognition, is recognized as part of a portfolio of identified financial tools under centralized management by the Group, and there is objective evidence of the Group's recent actual pattern of short-term profit-taking, or
- if the financial asset is a derivative that is not a derivative as defined by the financial contract guarantee or a derivative designated as an effective hedging instrument.

### 10.1.1 Financial Assets Measured at Amortized Cost

Any financial asset measured at amortized cost is subsequently measured at amortized cost using the effective interest method. The gains or losses arising from the impairment or derecognition of such financial asset are recognized in current profits and losses.

The Group recognizes interest income on any financial asset measured at amortized cost using the effective interest method. The Group determines interest income by multiplying the carrying balance of such financial asset by the actual interest rate, except for the following circumstances:

- For any financial asset that is credit impaired upon purchase or origination, the Group, from the initial recognition, determines its interest income based on the amortized cost of the financial asset and the actual interest rate adjusted by credit.
- For any financial asset that is not credit-impaired upon purchase or origination but is credit impaired in the subsequent period, the Group determines its interest income based on the amortized cost and actual interest rate of the financial asset in the subsequent period. If the financial tool no longer has credit impairment as a result of any improvement of its credit risks in the subsequent period, and such improvement can be related to an event that occurs after the application of the above provisions, the Group then determines its interest income by multiplying the carrying balance of the financial asset by the actual interest rate.

### 10.1.2 Financial Assets Classified to be Measured at Fair Value and the Changes of Which Are Recorded into Other Comprehensive Incomes

Impairment losses or gains associated with any financial asset classified to be measured at fair value and the changes of which are recorded into other comprehensive incomes, and interest incomes calculated using the effective interest method are recorded into current profits and losses, and other changes in the fair value of such financial asset are included in other comprehensive incomes. The amount of the financial asset that is recognized in profit or loss for each relevant period is equal to the amount that is recognized in profit or loss for each period as if the financial asset had been measured at amortized cost. Upon derecognition of the financial asset, the accumulated gains or losses previously included in other comprehensive incomes are transferred from other comprehensive incomes to current profits and losses.

### 10.1.2 Financial Assets Designated to be Measured at Fair Value and the Changes of Which Are Recorded into Other Comprehensive Incomes

After a non-tradable equity instrument investment is designated as a financial asset measured at fair value and the changes of which are recorded into other comprehensive incomes, changes in the fair value of the financial asset are recognized in other comprehensive income. Upon derecognition of the financial asset, all the accumulated gains or losses previously recognized in other comprehensive incomes are

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transferred from other comprehensive incomes to retained earnings. Upon the establishment of the Group's right to collect dividends during the period of the Group's holding of such non-tradable equity instrument investment, with economic interests related to the dividends highly likely to flow into the Group and dividend amounts able to be measured reliably, income from the dividends are recognized and included in current profits and losses.

### 10.1.3 Financial assets measured at fair value and the changes of which are recorded into current profits and losses

Any financial asset measured at fair value and the changes of which are recorded into current profits and losses is subsequently measured at fair value, and any gains or losses arising from changes in its fair value, and any dividend and interest income related to such financial asset are recognized in current profits and losses.

### 10.2 Financial Tool Impairment

As for financial assets measured at amortized cost, financial assets measured at fair value and the changes of which are recorded into other comprehensive incomes, lease receivables, the Group treats impairment and recognizes the loss provision on the basis of expected credit losses.

As for all accounts receivable generated from transactions regulated by the Revenue Standard and lease receivables generated from transactions regulated by the *Corporate Accounting Standards No. 21 – Leases*, the Group measures loss provisions at amounts equivalent to expected credit losses through the entire life.

As for any of the other financial tools, the Group evaluates changes in the credit risks of such financial tool from initial recognition on each balance sheet date, provided that financial assets with credit impairment upon purchase or origination are excluded. If there's a significant increase in the credit risks of such financial tool, the Group measures its loss provision at an amount equivalent to the expected credit loss during the entire life of such financial tool. If there isn't a significant increase in the credit risks of such financial tool, the Group measures its loss provision at an amount equivalent to the expected credit loss of such financial tool in the next 12 months. Any increased or reversed amount for the provision for credit impairment are recognized in current profits and losses as impairment losses or gains, provided that financial assets that are classified to be measured at fair value and the changes of which are recorded into other comprehensive incomes are excluded. As for any of the financial assets that are classified to be measured at fair value and the changes of which are recorded into other comprehensive incomes, the Group recognizes the provision for its credit impairment in other comprehensive income, and includes impairment losses or gains in current profits and losses, without reducing the carrying value of such financial asset stated in the balance sheet.

As for any financial tool for which the Group has measured the loss provision at the amount of expected credit losses through its entire life, the Group measures its loss provision at an amount equivalent to the expected credit loss of such financial tool in the next 12 months if as of the balance sheet date for the current period, there is no significant increase in the credit risks of such financial tool from initial recognition, and any reversed amount of its loss provision generated thereby in current profits and losses as impairment gains.

#### 10.2.1 Significant Credit Risk Increase

The Group uses reasonable and reliable forward-looking information available to determine whether there has been a significant increase in the credit risk of a financial tool since initial recognition by comparing the risk of default on such financial tool at the balance sheet date with its risk of default on the initial recognition date.

The Group considers the following factors when evaluating whether there's a significant increase in the credit risk of a financial tool:

- (1) Whether there's any significant change in the internal price indicators as a result of any change in the credit risk.
- (2) Whether there's any significant change in the interest rate or other terms of an existing financial tool, such as stricter contract terms, increased collateral or security, or higher returns, if the financial tool is sourced or issued as a new financial tool on the balance sheet date.
- (3) Whether there's any significant change in the external market indicators of the credit risk of the same financial tool or a similar financial tool with the same expected life, including credit spreads,



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credit default swap prices for the borrower, length of time and extent where the fair value of the financial asset is less than its amortized cost, and other market information related to the borrower, such as price changes in the borrower's debt instruments or equity instruments.

(4) Whether there's any significant change in the actual or expected external credit rating of the financial tool.

(5) Whether there's any downgrade in the actual or expected internal credit rating of the debtor.

(6) Whether there's any adverse change in the business, financial or economic situation that is expected to result in a significant change in the debtor's ability to fulfill its repayment obligations.

(7) Whether there's any significant change in the actual or expected business results of the debtor.

(8) Whether there's any significant increase in the credit risk of any other financial tool issued by the same debtor.

(9) Whether there's any significant adverse change in the regulatory, economic or technological environment in which the debtor is located.

(10) Whether there's any significant change in the value of the collateral for a debt or in the quality of any guarantee or credit enhancement provided by a third party, which is expected to reduce the economic incentive of the debtor to make repayment within the contracted time limit or to affect the probability of default.

(11) Whether there's any significant change expected in the economic incentive of the borrower to make repayment within the contracted time limit.

(12) Whether there's any expected change in the loan contract, including any waiver or revision of any contracted obligation that might result from any expected contract default, provision of an interest-free period, jumps in interest rates, demand for additional collateral or guarantee, or any other change to the contract framework of the financial tool.

(13) Whether there's any significant change in the debtor's expected performance and repayment behavior.

(14) Whether there's any change in the Group's method for managing the credit of the financial tool.

Whether or not there's a significant increase in the credit risk upon the abovementioned assessment, if the contracted payment of a financial tool has been overdue for 30 days or more, it indicates that the credit risk of the financial tool has increased significantly.

At the balance sheet date, if the Group determines that a financial tool has only a low credit risk, the Group assumes that the credit risk of the financial tool has not increased significantly since initial recognition. If the risk of default on a financial tool is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and the borrower's performance of its contractual cash flow obligations is not necessarily to be reduced despite the presence of adverse changes in the economic situation and business operation environment within a relatively long period, such financial tool is considered to have a relatively low credit risk.

### 10.2.2 Credit-Impaired Financial Assets

A financial asset is credit-impaired when one or more events occur that the Group expects to have an adverse impact on the future cash flows of the financial asset. Evidence that a financial asset has been credit-impaired includes the following observable information:

(1) Significant financial difficulty of the issuer or the debtor;

(2) A breach of a contract by the debtor, such as a default or a delinquency in contracted payments of interest or principal;

(3) The creditor, for economic or contractual reasons related to the debtor's financial difficulties, grants the debtor concessions that would not otherwise be granted;

(4) It is becoming highly probable that the borrower will enter bankruptcy or other financial reorganizations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

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(6) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss.

Regardless of the abovementioned assessment results, if the contracted payment of a financial tool has been overdue for 90 days or more, the Group concludes that there's a default on the financial tool.

### 10.2.3 Determination of Expected Credit Losses

The Group determines the credit loss of a lease receivable on the basis of each individual asset, and adopts the impairment matrix to determine its credit loss on the basis of the age of the receivable. According to the Group's assessment of credit risks, there is no significant difference in the losses of customer groups of different segments, and the age information can reflect a client's ability for repayment when an account receivable becomes due.

The Group determines the expected credit losses of related financial tools in the following ways:

For financial assets, credit losses shall be the present value of the difference between the contractual cash flows that the Group should receive and the cash flows expected to be received.

For lease receivables, credit losses shall be the present value of the difference between the contractual cash flows that the Group should receive and the cash flows expected to be received.

The factors reflected in the Group's method for measuring expected credit losses of financial tools include an unbiased and probability-weighted average amount determined by evaluating a series of possible outcomes, time value of money, and reasonable and supportable information about past events, current conditions, and future economic forecasts that is readily available at the balance sheet date without unnecessary extra costs or endeavors.

### 10.2.4 Financial Asset Write-Down

When the Group no longer reasonably expects that the contractual cash flows from a financial asset can be fully or partially recovered, it directly writes down the carrying balance of the financial asset. Such write-down constitutes derecognition of such financial asset.

### 10.3 Financial Asset Transfer

A financial asset that satisfies one of the following conditions is derecognized: (1) The contractual right to receive the cash flows of the financial asset is terminated; (2) The financial asset have been transferred, and substantially all the risks and rewards of the ownership of the financial asset have been transferred to the transferee; (3) The financial asset has been transferred, and the Group does not retain its control over the financial asset even if the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset.

If the Group has neither transferred nor retained substantially all the risks and rewards of ownership of a financial asset, and has retained its control over the financial asset, the Group continues to recognize the transferred financial asset to the extent that it continues to be involved in the transferred financial asset, and accordingly recognize its related liabilities. The Group measures the related liabilities in the following manner:

- If a transferred financial asset is measured at amortized cost, the carrying amount of the related liabilities is equal to the carrying amount of the Group's continued involvement in the transferred financial asset less the amortized cost of the Group's retained rights if the Group has retained related rights upon the transfer of the financial asset and plus the amortized cost of the Group's assumed obligations if the Group has assumed related obligations upon the transfer of the financial asset, and the related liabilities are not designated as financial liabilities measured at fair value and the changes of which are recorded into current profits and losses.
- If a transferred financial asset is measured at fair value, the carrying amount of the related liabilities is equal to the carrying amount of the Group's continued involvement in the transferred financial asset less the fair value of the Group's retained rights if the Group has retained related rights upon the transfer of the financial asset and plus the fair value of the Group's assumed obligations if the Group has assumed related obligations upon the transfer of the financial asset, and the fair values of such rights and obligations are fair values when measured on an independent basis.

If the transfer of a financial asset in its entirety meets the conditions for derecognition, the carrying amount of the transferred financial asset at the derecognition date and the difference between the consideration received from the transfer of the financial asset and the amount in respect of derecognition in the

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cumulative sum of fair value changes previously recognized in other comprehensive incomes are recognized in current profits and losses. If a financial asset transferred by the Group is designated as a non-tradable equity instrument investment measured at fair value and the changes of which are recorded into other comprehensive incomes, the cumulative gains or losses previously recognized in other comprehensive incomes are transferred from other comprehensive incomes to retained earnings.

If part of the transfer of a financial asset meets the conditions for derecognition, the carrying amount of the entire financial asset before the transfer is amortized between the derecognized part and the part that continues to be recognized at their respective fair values at the transfer date, and the difference between the sum of the consideration received for the derecognized part and the amount in respect of the derecognized part in the cumulative sum of fair value changes previously recognized in other comprehensive incomes and the carrying amount of the derecognized part at the derecognition date is recognized in current profits and losses. If a financial asset transferred by the Group is designated as a non-tradable equity instrument investment measured at fair value and the changes of which are recorded into other comprehensive incomes, the cumulative gains or losses previously recognized in other comprehensive incomes are transferred from other comprehensive incomes to retained earnings.

If the transfer of a financial asset in its entirety does not meet the conditions for derecognition, the Group continues to recognize the transferred financial asset in its entirety and recognizes the consideration received as financial liabilities.

### 10.4 Classification of Financial Liabilities and Equity Instruments

On the basis of the contract terms of a financial tool issued and the economic substance it reflects rather than only in a legal form, and the definitions of financial liabilities and equity instruments, all or part of the financial tool is classified as a financial liability or equity instrument upon initial recognition.

#### 10.4.1 Classification and Measurement of Financial Liabilities

Financial liabilities are classified into financial liabilities measured at fair value and the changes of which are recorded into current profits or losses and other financial liabilities.

##### 10.4.1.1 Financial Liabilities Measured at Fair Value and the Changes of Which Are Recorded into Current Profits or Losses

Financial liabilities measured at fair value and the changes of which are recorded into current profits and losses consist of trading financial liabilities, including derivatives of such financial liabilities, and financial liabilities designated as that measured at fair value and the changes of which are recorded into current profits and losses. Except for derivatives of financial liabilities that are presented separately, financial liabilities measured at fair value and the changes of which are recorded into current profits and losses are presented as trading financial liabilities.

A financial liability is classified as held for trading if:

- if the financial asset has been acquired principally for the purpose of repurchasing in the near term, or
- if the financial asset, upon initial recognition, is recognized as part of a portfolio of identified financial tools under centralized management by the Group, and there is objective evidence of the Group's recent actual pattern of short-term profit-taking, or
- if the financial liability is a derivative that is not a financial contract guarantee as defined by the Group or a derivative designated as an effective hedging instrument.

The Group may designate a financial liability as that measured at fair value and the changes of which are recorded into current profits and losses upon initial recognition if: (1) such designation can eliminate or significantly reduce accounting mismatches; (2) the management and performance of a combination of financial liabilities or a combination of financial assets and liabilities are evaluated a fair value basis in accordance with the Group's documented risk management or investment strategies, and a report based on that is made to key management personnel within the Group; or (3) the financial liability is a qualified hybrid contract containing embedded derivatives.

Trading financial liabilities are subsequently measured using fair value. Gains or losses arising from changes in fair value and dividend or interest expenses related to such financial liabilities are recognized in current profits and losses.



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For a financial liability that is designated as that measured at fair value and the changes of which are recorded into current profits and losses, the changes in the fair value of the financial liability arising from changes in the Group's own credit risks are recognized in other comprehensive income, and other changes in the fair value are recognized in current profits and losses. Upon derecognition of such financial liability, the accumulated changes in its fair value arising from changes in its own credit risks that are previously recognized in other comprehensive incomes are transferred to retained earnings, and dividend or interest expenses related to such financial liability are recognized in current profits and losses. If an accounting mismatch in profit or loss would arise or become more serious if the abovementioned method were used to treat any impact arising from changes in the credit risks of such financial liability, the Group recognizes all gains or losses of such financial liability, including affected amounts arising from changes in its own credit risks, in current profits and losses.

### 10.4.1.2 Other Financial Liabilities

Other financial liabilities than those financial liabilities and financial guarantee contracts that are generated from the disqualification of financial asset transfers for derecognition or continued involvement in transferred financial assets are classified as financial liabilities measured at amortized cost and are subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the period.

If the Group's revision or re-negotiation of a contract with a counterparty does not result in the derecognition of a financial liability subsequently measured at amortized cost but results in changes in contractual cash flows, the Group re-calculates the carrying amount of such financial liability and recognizes related gains or losses in current profits and losses. The re-calculated carrying amount of such financial liability is determined by the Group based on the present value of the contractual cash flows to be re-negotiated or revised at the original effective interest rate of such financial liability. For all costs or expenses arising from the revision or re-arrangement of the contract, the Group adjusts the carrying amount of the revised financial liability and amortizes it over the remaining period of the revised financial liability.

### 10.4.2 Derecognition of Financial Liabilities

If all or part of the current obligations of a financial liability have been discharged, all or part of the financial liability is derecognized. If the Group (the borrower) signs an agreement with a lender to replace an original financial liability with a new one, and the contract terms of the new financial liability are substantially different from those of the original one, the Group derecognizes the original financial liability and simultaneously recognizes the new financial liability.

If all or part of a financial liability is derecognized, the difference between the carrying amount of the derecognized part and the consideration paid, including transferred non-cash assets or assumed new financial liabilities, is recognized in current profits and losses.

### 10.4.3 Equity Instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after all liabilities are deducted. Any issuance (including refinancing), repurchase, sale or cancellation of any equity instrument by the Group is treated as a change in equity. The Group does not recognize any change in the fair value of any equity instrument. Any transactional expenses related to any equity transaction are deducted from such equity.

Any distribution made by the Group to the holder(s) of an equity instrument is treated as profit distribution, and stock dividends issued do not affect the total shareholders' equity.

### 10.5 Derivatives and Embedded Derivatives

Financial derivatives, including forward foreign exchange contracts, currency exchange rate swap contracts, interest rate swap contracts, foreign exchange option contracts, etc. A derivative is initially measured at fair value at the date of the relevant contract, and subsequently measured at fair value.

For a hybrid contract consisting of an embedded derivative and a host contract that is a financial asset, the Group does not split the embedded derivative from the hybrid contract, and provisions of accounting principles concerning the classification of financial assets are applied to the hybrid contract in its entirety instead.

If the host contract included in the hybrid contract is not a financial asset, the Group splits the embedded derivative from the hybrid contract and treats it as a freestanding derivative if:

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- (1) the economic characteristics and risks of the embedded derivative are not clearly and closely related to the economic characteristics and risks of the host contract;
- (2) a freestanding instrument with the same terms as the embedded derivative meets the definition of a derivative; and
- (3) the hybrid contract is not accounted for as being measured at fair value and the changes of which are recorded into current profits and losses.

Where an embedded derivative is split from a hybrid contract, the Group accounts for the host contract of the hybrid contract in accordance with applicable accounting standards. If the Group is unable to reliably measure the fair value of an embedded derivative based on the terms and conditions of the embedded derivative, the fair value of the embedded derivative is determined based on the difference between the fair value of the hybrid contract and that of the host contract. If it is still impossible to separately measure the fair value of the embedded derivative at the acquisition date or any subsequent balance sheet date, the Group designates the hybrid contract in its entirety as a financial tool measured at fair value and the changes of which are recorded into current profits and losses.

### 10.6 Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and a net amount is presented in the balance sheet when the Group has a legally enforceable right to offset the amount of recognized financial assets and financial liabilities, and an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Except for the above circumstances, financial assets and financial liabilities are presented separately in the balance sheet and shall not be offset.

### 11. Notes Receivable and Accounts Receivable

#### (1) Methods for Determining and Accounting for Expected Credit Losses of Notes Receivable

The Group believes that the accepting bank for the bank acceptance bills it holds has a relatively high credit rating without any significant credit risk, and makes no provision for losses.

#### (2) Methods for Determining and Accounting for Expected Credit Losses of Accounts Receivable

The Group determines the expected credit losses of accounts receivable in accordance with Note (V) and 10.2.3.

### 12. Other Receivables

#### (1). Methods for Determining and Accounting for Expected Credit Losses of Other Receivables

Not Applicable

### 13. Stock

#### 13.1 Classification of Stock

The Group's stock mainly includes raw materials, in-process products, finished products and turnover materials. The stock is initially measured at cost, and stock costs include purchase costs, processing costs, and other expenses incurred in bringing the stock to its present location and condition.

#### 13.2 Valuation Method for Stock upon Delivery

Any stock upon delivery is first calculated at the planned cost, and any cost difference is apportioned at the end of the month, with the planned cost adjusted to the actual cost.

#### 13.3 Basis for Determining Net realizable Value of Stock

At the balance sheet date, the stock is measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, a provision for obsolete stocks is made.

Net realizable value is the estimated selling price of the stock in the ordinary course of business less the estimated costs of completion, the estimated expenses necessary to make the sale and related taxes. Net

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realizable value is determined on the basis of clear evidence obtained, and the purposes of holding the stock and effect of post balance sheet events are taken into consideration simultaneously.

Provision for obsolete stocks is made based on the excess of cost of the stock over its net realizable value on an item-by-item basis. After the provision for obsolete stocks is made, if the circumstances that previously caused the stock to be written down below cost no longer exist so that the net realizable value of the stock is higher than its cost, the original provision for decline in value is reversed and the reversal is included in current profits and losses.

### 13.4 Stock Count System

The stock system is the perpetual inventory system.

### 13.5 Amortization Method of Other Turnover Materials

Other turnover materials are amortized using the amortization method.

## 14. Contract Assets

### (1). Methods and Standard for Recognition of Contract Assets

Not Applicable

### (2). Methods for Determining and Accounting for Expected Credit Losses of Contract Assets

Not Applicable

## 15. Debt Investment

### (1). Methods for Determining and Accounting for Expected Credit Losses of Debt Investments

Not Applicable

## 16. Other Debt Investment

### (1). Methods for Determining and Accounting for Expected Credit Losses of Other Debt Investments

Not Applicable

## 17. Long-term Receivables

### (1). Methods for Determining and Accounting for Expected Credit Losses of Long-Term Receivables

Not Applicable

## 18. Holding Assets for Sale

If the carrying amount of a non-current asset or disposal group is recovered principally through a sale transaction, including any non-monetary asset exchange with a business nature, rather than through continuing use, such asset or disposal group is classified as held for sale.

A non-current asset or disposal group is classified as held for sale if: (1) it is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups in similar transactions; and (2) its sale is highly probable as the Group has adopted a resolution concerning its sale plan and obtained a firm commitment to make a purchase and its sale is expected to be completed within one year.

The Group measures a non-current asset or disposal group held for sale at the lower of carrying amount and fair value less sale expenses. If the carrying amount is higher than the net amount of the fair value less the sale expenses, the carrying amount is written down to the net amount of the fair value less the sale expenses, and the amount of the write-down is recognized in current profits and losses as asset impairment loss, and provision for impairment of the asset held for sale is made. If there's an increase in the net amount of the fair value of the asset held for sale less its sale expenses at any subsequent balance sheet date, the previous write-down amount shall be restored and reversed in the amount of asset

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impairment loss recognized after the asset is classified as held for sale, and the amount of the reversal shall be recognized in profit or loss. Any asset impairment loss recognized before the asset is classified as held for sale shall not be reversed.

Non-current assets held for sale or non-current assets in disposal groups are not depreciated or amortized, and interest and other expenses on liabilities in disposal groups held for sale continue to be recognized.

Equity investments in associates or joint ventures are classified, in whole or in part, as assets held for sale, and any part of any equity investment classified as held for sale is no longer accounted for using the equity method from the date of classification as held for sale.

### 19. Long-term Equity Investment

#### 19.1 Determination Criteria of Joint Control and Significant Influence

Control is an investor's power over an investee, where the investor is exposed or entitled to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control with any other party or parties over those policies. When determining whether an investor is able to exercise control or significant influence over an investee, the effect of factors concerning potential voting rights, including currently convertible or exercisable corporate bonds and warrants of the investee that are held by the investing party and other parties, shall be considered.

#### 19.2 Determination of Initial Investment Cost

For a long-term equity investment acquired through a business combination under the same control, the share of the book value of owners' equity of the combined party in financial statements of the ultimate controlling party is recognized as the initial investment cost of the long-term equity investment at the combination date. The difference between the initial investment cost of the long-term equity investment and the cash paid, non-cash assets transferred and book value of liabilities assumed is adjusted in capital reserve. If the balance of the capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the share of the book value of owners' equity of the combined entity in the ultimate controlling party's consolidated financial statements at the combination date is recognized as the initial investment cost of the long-term equity investment. The aggregate face value of the shares issued is accounted for as the share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of the capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through a business combination not under the same control, the combination cost is recognized as the initial investment cost of the long-term equity investment at the acquisition date.

Intermediary expenses incurred by the combining party or acquirer in respect of auditing, legal services, assessment and consultation services and all the other associated administrative expenses attributable to the business combination are recognized in profit or loss at the time when they are incurred.

Any long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the Group is able to exercise significant influence or joint control, but not control, over an investee as a result of any additional investment, the cost of the long-term equity investment is the fair value of the previously held equity investment determined in accordance with the Corporate Accounting Standards No.22 – Recognition and Measurement of Financial Tools plus the additional investment cost.

#### 19.3 Subsequent Measurement and Recognition of Profit or Loss

##### 19.3.1 Long-term Equity Investment Accounted for Using the Cost Method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When

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additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

### 19.3.2 Long-Term Equity Investments Accounted for Using the Equity Method

The Group accounts for investments in associates and joint ventures using the equity method. An associate is an investee over which the Group has significant influence, and a joint venture is a joint venture arrangement to whose net assets the Group has rights.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of investment, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of investment, the difference is recognized in current profits and losses, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its shares of the net profit or loss and other comprehensive incomes of the investee for the period as investment income and other comprehensive incomes for the period respectively. Meanwhile, the carrying amount of the long-term equity investment is adjusted. The carrying amount of the long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends. Other changes in owners' equity of the investee other than net profit or loss and other comprehensive incomes are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of each of the investee's individual identifiable assets, etc. at the time of investment after appropriate adjustments are made to the investee's net profit. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive incomes after appropriate adjustments are made to ensure conformity to the Company's accounting policies and accounting period. Unrealized gains or losses resulting from any transaction by the Group with any of its associates and joint ventures are offset based on the proportion attributable to the Group if the asset invested in or sold does not constitute a business, and investment gains or losses are then recognized based on that. However, unrealized losses resulting from any transaction by the Group with any of its associates and joint ventures are not offset if it represents impairment losses on the transferred asset.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred any obligation to assume additional losses of the investee, expected liabilities are recognized in accordance with the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

### 19.4 Disposal of Long-Term Equity Investments

Upon disposal of a long term equity investment, the difference between its carrying amount and the proceeds actually received is recognized in current profits and losses. For a long-term equity investment accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, other comprehensive incomes previously accounted for and recognized using the equity method is accounted for on the basis of the investee's directly disposal of relevant assets and liabilities, and carried forward proportionately and recognized in current profits and losses. Owners' equity recognized upon changes in owners' equity other than net profit or loss, other comprehensive incomes and profit distribution of the investee is carried forward proportionately and recognized in current profits and losses. For a long-term equity investment accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, other comprehensive incomes accounted for and recognized using the equity method or the principles for recognition and measurement of financial tools before the Group obtains its control over the investee is accounted for on the basis of the investee's directly disposal of relevant assets and liabilities, and carried forward proportionately and recognized in current profits and losses. As for net assets of the investee accounted for and recognized using the equity method, changes of owners' equity other than net profit or loss, other comprehensive incomes and profit distribution of the investee are carried forward proportionately and recognized in current profits and losses.

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### 20. Investment Real Estate

Not Applicable

### 21. Fixed Assets

#### (1). Recognition Criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used for more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset, and the carrying amount of the replaced part is derecognized if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures than those mentioned above are recognized in current profits and losses when they are incurred.

#### (2). Depreciation Method

Category	Depreciation Method	Depreciation Period (Years)	Residual Value (%)	Annual Depreciation Rate (%)
Land	Straight-line method	N/A	N/A	N/A
Houses and buildings	Straight-line method	21-35 years	-	2.86-4.76
Machinery and equipment	Straight-line method	1-7 years	-	14.29-100
Transportation vehicles	Straight-line method	1-7 years	-	14.29-100
Electronic equipment, tools and furniture	Straight-line method	1-7 years	-	14.29-100
Decoration expenses	Straight-line method	1-5 years	-	20-100

The land ownership of overseas operations is not depreciated. Fixed assets other than land are depreciated over their useful life using the straight-line method from the month subsequent to the one in which it is ready for intended use. Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### (3). Recognition Basis, and Valuation and Depreciation Methods of Fixed Assets Acquired Under Financial Leases

Not Applicable

### 22. Construction in Progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.



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### 23. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset eligible for capitalization are capitalized at the time when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the acquired, constructed or produced asset eligible for capitalization becomes ready for its intended use or sale. Other borrowing costs are recognized as expenses in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds that haven't been used or any investment income on any temporary investment of those funds. Where funds are borrowed under a general-purpose borrowing, the Group determines the amount of interest to be capitalized on such borrowing by applying a capitalization rate of the general-purpose borrowing to the weighted average of the excess of cumulative asset expenditures over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to general-purpose borrowings.

### 24. Biological Assets

Not Applicable

### 25. Oil and Gas Assets

Not Applicable

### 26. Intangible Assets

#### (1). Valuation Method, Useful Life, and Impairment Test

Intangible assets include land use rights, patents, software, carbon emission rights, etc.

Carbon emission rights are measured at fair value at the time of acquisition. Other intangible assets than carbon emission rights are initially measured at cost. Any intangible asset with a finite useful life is amortized using the straight-line amortization or the production method over its estimated useful life from the time it is available for use. Any intangible asset with an indefinite useful life is not amortized. The amortization methods, useful lives and estimated net residual values of various intangible assets are as follows:

Category	Amortization Method	Useful Life (Years)	Residual Value (%)
Land use rights	Straight-line method	50 years	-
Software	Straight-line method	3 years	-
Patents	Straight-line method	3-20 years	-
Trademark rights	Straight-line method	10 years	-
Carbon emission rights	Production method	Quantities used	-

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary. For the impairment test of intangible assets, please refer to Note (V) "17. Long-term Asset Impairment".

#### (2). Accounting Policy for Internal Research and Development Expenditure

Expenditure during the research phase is recognized as current profits and losses when it is incurred.



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Expenditure during the development phase that meets all of the following conditions at the same time is recognized as an intangible asset. Expenditure during the development phase that does not meet the following conditions is recognized in current profits and losses. The conditions include:

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the Group has adequate technical, financial and other resources to complete the development of the intangible asset and the ability to use or sell the intangible asset; and
- (5) expenditure attributable to the development phase of the intangible asset can be reliably measured.

If the expenditures cannot be distinguished between the research phase and the development phase, the Group recognizes all of them in current profits and losses. Costs of an intangible asset arising during internal development activities only include the total expenditures arising during the period from the time when conditions for capitalization are satisfied to the time when the intangible asset is ready for intended use. Expenditure of the same asset that has been recognized in profit or loss as an expense before conditions for capitalization are met in the development process is no longer adjusted.

### 27. Long-term Asset Impairment

The Group assesses at each balance sheet date whether there is any indication that any long-term equity investment, fixed asset, construction in progress, intangible asset with a finite useful life, or contract cost may be impaired. If there is any indication that such asset may be impaired, recoverable amounts are estimated for such asset. Any intangible asset with an indefinite useful life or not available for use are tested for impairment annually, irrespective of whether there is any indication that such asset may be impaired.

The recoverable amount is estimated on the basis of each individual asset. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined on the basis of the asset group to which the asset belongs. The recoverable amount of an asset is the higher of the net amount of the fair value of the asset or asset group less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset is less than its carrying amount, provision for asset impairment is made in accordance with the deficit, and the deficit is recorded in current profit or loss.

The amount of the impairment loss shall first be recognized against the carrying amount of the goodwill allocated to the asset group or the combination of asset groups, and then pro rata against the carrying amounts of other assets of the asset group or the combination of asset groups than the goodwill on the basis of the percentage of the carrying amount of each asset in the asset group or combination of asset groups.

When determining the impairment loss of an asset related to the contract cost, the Group first determines the impairment loss against other assets recognized in accordance with other relevant corporate accounting principles and related to the contract, and then make impairment provision for any excess of the carrying amount of the asset related to the contract cost over the balance of the following two amounts and recognizes such excess as asset impairment loss, including: (1) the remaining consideration that the Group is expected to obtain from the transfer of goods or services related to the asset; and (2) the cost of the transfer of related good or service that is estimated to occur.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group or combination of asset groups, i.e., goodwill is reasonably allocated to the related asset group or the combination of asset groups that is expected to benefit from the synergies of business combination. An impairment loss is recognized if the recoverable amount of the asset group or the combination of asset groups containing the goodwill allocated is less than its carrying amount. The impairment loss is firstly recognized against the carrying amount of the goodwill allocated to such assets group or combination of asset groups, and then pro rata against the carrying amounts of the other assets of the asset group or combination of asset groups than the goodwill on the

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basis of the percentage of the carrying amount of each asset in the asset group or combination of asset groups.

Once recognized, the impairment loss of any asset mentioned above, other than the impairment loss of the contract cost, is not reversed in any subsequent accounting period. If there's any change in any factor causing impairment in a previous period after provision for impairment is made for the contract cost so that the difference between the abovementioned two amounts is higher than the carrying amount of the asset, the asset impairment provision previously made is reversed and recorded in current profit or loss, provided that the carrying amount of the asset after the reversal shall not exceed its carrying amount at the reversal date if such impairment provision had not been made.

### 28. Long-term Prepaid Expenses

Long-term prepaid expenses are expenses incurred that should be borne and amortized over the current and subsequent periods of more than one year. Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

### 29. Contract Liability

#### (1). Method for Recognition of Contract Liability

Contract liabilities are the Group's obligations to transfer goods or services to clients for considerations received or receivable from clients. Contract assets and contract liabilities under the same contract are presented at net amounts.

### 30. Employee Salary

#### (1). Accounting Treatment Method for Short-term Employee Salary

Actual incurred short-term employee salaries are recognized as liabilities in current profits or losses or in relevant asset costs in the accounting period in which employees provide services to the Group. Employee welfare expenses incurred by the Group are recorded in current profit or loss or relevant asset costs based on the actual incurred amounts when they actual incurred. Non-monetary employee welfare expenses are measured at fair value.

Payments made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, and of housing funds, and trade union funds and employee education funds provided in accordance with relevant requirements are calculated according to prescribed bases and percentages in determining the amount of employee salaries and recognized as relevant liabilities in current profits or losses or in relevant asset costs in the accounting period in which employees provide services.

#### (2). Accounting Treatment Method for Post-employment Benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

During the accounting period in which employees provide services, the Group recognizes the amounts payable in accordance with defined contribution plans as liabilities in profit or loss or related costs of assets.

For defined benefit plans, the Group attributes welfare obligations arising from defined benefit plans in accordance with the formula determined using the projected unit credit method to the period in which employees provide services, and record them in current profit or loss or in relevant asset costs. Costs of employee salaries arising from defined benefit plans are divided into the following components:

- Service costs (including current service costs, past service costs, and settlement gains and losses);
- net interests, including interest income of planned assets, interest expenses of obligations of defined benefit plans, and interest affected by asset caps, of net liabilities or net assets of defined benefit plans; and
- changes arising from re-measurement and re-definition of the net liabilities or net assets of defined benefit plans.

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The service costs and the net interests on the net liabilities or net assets of defined benefit plans are recorded into current profits and losses or relevant asset costs. Changes arising from re-measurement and re-definition of the net liabilities or net assets of defined benefit plans, including actuarial gains or losses, deductions of amounts included in net interests of net liabilities or net assets of defined benefit plans from returns of planned assets, deductions of amounts included in net interests of net liabilities or net assets of defined benefit plans from changes of the impact of asset caps, are recorded into other comprehensive incomes.

The deficit or surplus arising from the present value of obligations of a defined benefit plan less fair value of planned assets of a defined benefit plan is recognized as net liabilities or net assets of the defined benefit plan. When the defined benefit plan has a surplus, the net assets of the defined benefit plan are measured at the lower of the surplus and the asset cap.

### (3) Accounting Treatment Method for Termination Benefits

If the Group provides termination benefits to an employee, the employee salary liabilities arising from the termination benefits are recorded in current profit or loss at the earlier of the time when the Group cannot unilaterally withdraw the termination benefits provided because of the plan to terminate the employment relationship or the termination advice and the time when the Group recognizes the costs or expenses associated with the restructuring involving the payment of the termination benefits.

### (4). Accounting Treatment Method for Other Long-Term Employee Benefits

Not Applicable

## 31. Estimated Liabilities

Estimated liabilities are recognized when the Group has a present obligation related to a product quality warranty or a contingency and it is probable that the performance of the obligation, the amount of which can be measured reliably, will cause an outflow of economic benefits

Estimated liabilities are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date, with factors pertaining to contingency-related risks, uncertainties and time value of money taken into consideration. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflow.

## 32. Share Payment

A share payment by the Group is a transaction in which the Group grants an employee equity instruments in exchange for services rendered by the employee or incurs liabilities determined on the basis of equity instruments. The Group's share payments are divided into equity-settled share-based payments.

### 32.1 Equity-Settled Share Payment

#### Equity-Settled Share-Based Payment to Employees

The Group measures any equity-settled share-based payment in exchange for any services rendered by any employee at the fair value of equity instruments granted to the employee at the granting date. The amount of the fair value is based on the best estimate of the number of vested equity instruments in the waiting period and included in the relevant costs or expenses on a straight-line basis, and the capital reserve is increased accordingly.

At each balance sheet date during the waiting period, the Group makes the best estimate based on the latest information obtained subsequently, such as any change in the number of employees granted with options that may vest, and revises the number of equity instruments expected to vest. The effect of the above estimate is recognized as related costs or expenses for the period, with a corresponding adjustment to capital reserve.

### 32.2. Accounting Treatment Related to Implementation, Modification and Termination of Share Payment Plans

If any modification by the Group to a share payment plan increases the fair value of the equity instruments granted, the Group recognizes the increase of the services obtained in accordance with the increase in the fair value of the equity instruments. If such modification increases the number of the equity instruments granted, the Group recognizes the fair value of additional equity instruments granted as the addition of

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services obtained. The increase in the fair value of the equity instruments granted is the difference between the fair values of the equity instruments before and after the modification at the modification date. If the Group modifies the terms or conditions of the share payment plan in a manner that reduces the total fair value of the share payment plan, or is not otherwise beneficial to the employee, the Group shall continue to account for the services obtained as if that modification had not occurred, unless the Group has cancelled part or all of the equity instruments granted.

If equity instruments granted are cancelled during the waiting period, the Group accounts for the cancellation of the equity instruments granted as an acceleration of vesting, and recognizes immediately the amount that otherwise would have been recorded over the remainder of the waiting period in current profit or loss, with a corresponding recognition in capital reserve. When the employee can choose whether to meet the non-vesting condition but the condition is not met during the waiting period, the Group treats it as a cancellation of the equity instruments granted.

### 33. Preferred Stocks, Perpetual Bonds and Other Financial Tools

Not Applicable

### 34. Income

#### (1). Accounting Policy for Income Recognition and Measurement

The Group's income mainly comes from the sales of electronic products. The products sold by the Group mainly include communication products, consumer electronic products, computer products, storage products, industrial products, automotive electronics and other products. Other business income mainly comes from sale of scraps.

At the time when the Group has fulfilled its performance obligations under a contract, that is, when the client has obtained control of relevant goods or services, the Group recognizes the income based on the transaction price allocated to such performance obligations. A performance obligation is a commitment of the Group under a contract to transfer clearly distinguishable goods or services to a client. The transaction price is the amount of the consideration that the Group expects to have the right to receive because of its transfer of goods or services to a client, excluding amounts received for any third party and amounts the Group expects to return to the client.

As for any performance obligation to be performed within a certain period of time that meets any of the following conditions, the Group recognizes the income within a period in accordance with its performance of the contract: (1) the client obtains and consumes economic benefits upon the Group's performance of the contract; (2) the client is able to control the goods under construction in the course of the Group's performance; (3) the goods produced during the Group's performance have irreplaceable purposes of use, and the Group has the right to collect amounts for the cumulative parts that the Group has performed and completed within the term of the contract. Otherwise, the Group recognizes the income upon the client's obtaining of control over relevant goods or services.

Where a contract includes two or more performance obligations, the Group allocates the transaction price to each of the performance obligations in accordance with the corresponding proportion of the individual selling price of goods or services promised in each of the performance obligations at the starting date of the contract. However, if there's conclusive evidence that a contract discount or a variable consideration is only related to one or more, rather than all, of the performance obligations, the Group allocates the contract discount or variable consideration to such related one or more performance obligations. The individual selling price is the price at which the Group sells goods or services separately to the client. Where the individual selling price cannot be directly observed, the Group considers all relevant information that can be reasonably obtained and maximally use observable inputs to estimate the individual selling price.

For any sale with quality warranty terms, if the quality warranty provides a separate service to the client in addition to the guarantee to the client that the goods or services sold can meet established standards, the quality warranty constitutes a single performance obligation. Otherwise, the Group accounts for quality warranty responsibilities in accordance with the *Corporate Accounting Standards No. 13 – Contingencies*.

The Group determines whether the Group's identity upon a transaction is the principal responsible person or agent on the basis of whether it has the control over goods or services before its transfer of such goods

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## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

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or services to the client. If the Group is able to control such goods or services before the transfer of such goods or services to the client, the Group is the principal responsible person in which case the Group recognizes the income at the total amount of the consideration received or receivable, or the Group is the agent in which case the Group recognizes the income at the amount of the commission or handling fee that is expected to be received, which is the net amount of the total amount of the consideration received or receivable less amounts payable to other related parties.

If the Group collects the prepayment of any goods or services from a client, such amount is first recognized as a liability and then transferred to the income when relevant performance obligations have been fulfilled.

(2) Circumstances Where the Adoption of Different Business Models for Similar Businesses Leads to Accounting Policy Differences in Income Recognition

Not Applicable

### 35. Contract Cost

#### Cost of Obtaining a Contract

If the Group is expected to be able to recover the incremental costs incurred in obtaining a contract, namely, the costs that would not have been or be incurred without the contract, the incremental costs are recognized as an asset, and amortized on the same basis as that for the recognition of the income for the goods or services related to the asset and included in current profit or loss. If the asset is amortized over a period of less than a year, it is recorded in current profit or loss upon its occurrence. Any other expenses incurred by the Group in obtaining the contract are included in current profit or loss upon their occurrence, except for those explicitly specified to be borne by the client.

#### Cost of Performing a Contract

Any cost incurred by the Group in performing a contract is recognized as an asset if it is not within the scope of other corporate accounting standards than the income accounting standards and meets all of the following conditions, including: (1) the cost is directly related to a current or expected contract; (2) the cost increases the resources of the Group to fulfill its performance obligations in the future; (3) the cost is expected to be recovered. The abovementioned asset is amortized on the same basis as that for the recognition of the income for the goods or services related to the asset, and recorded in current profit or loss.

### 36. Government Subsidy

Government subsidies refer to the monetary assets and non-monetary assets obtained by the Group from the government at no consideration. A government subsidy is recognized when the Group can comply with the conditions attached to the subsidy and receive the subsidy.

If a government subsidy is a monetary asset, it is measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it is measured at fair value. If the fair value cannot be determined reliably, it is measured at the nominal amount. Government subsidies measured at nominal amounts are recorded directly into current profits or losses.

#### 36.1 Determination Basis and Accounting Treatment Method for Government Subsidies Related to Assets

For details of the Group's asset-related government subsidies, see Note (VII). 40 and 46. Asset-related government subsidies are recognized as deferred income and recorded in current profit or loss on a straight-line basis over the useful life of the related asset.

#### 36.2 Determination Basis and Accounting Treatment Method for Government Subsidies Related to Income

For details of the Group's income-related government subsidies, see Note (VII). 64. If a government subsidy related to income is used for compensation of related costs, expenses or losses to be incurred in a subsequent period, it is recognized as deferred income and included in current profits or losses in which such related costs, expenses or losses are incurred. If a government subsidy related to income is used for compensation of related costs, expenses or losses that have been incurred, it is directly recorded in current profit or loss. The Group classifies government subsidies of a nature that is hard to distinguish as government subsidies related to income.

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Government subsidies related to the daily activities of the Group are recognized in other income based on the economic business nature. Government subsidies not related to the daily activities of the Group are recognized in non-operating income and expenditure.

### 37. Deferred Income Tax Assets / Deferred Income Tax Liabilities

Income tax expenses include current income tax and deferred income tax.

#### 37.1 Current Income Tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the income tax amounts expected to be paid (or returned) and calculated in accordance with applicable requirements of tax laws.

#### 37.2 Deferred Income Tax Assets and Deferred Income Tax Liabilities

For temporary differences between the carrying amount of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined in accordance with applicable regulations of tax laws, deferred income tax assets and deferred income tax liabilities are recognized using the balance sheet liability method.

Deferred income tax is generally recognized for all temporary differences. Deferred income tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable income will be available to the Group, against which the deductible temporary differences can be utilized. For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) at the time of transaction, no deferred income tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward in subsequent years, the corresponding deferred income tax assets are recognized to the extent that it is probable that the future taxable income will be available, against which the deductible losses and tax credits can be utilized.

Deferred income tax liabilities arising from taxable temporary differences associated with investments in subsidiaries are recognized, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with investments in subsidiaries are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that taxable income will be available, against which the deductible temporary differences can be utilized.

At the balance sheet date, a deferred income tax asset or a deferred income tax liability is measured at the tax rate, according to tax laws, that is expected to apply in the period in which the asset is realized or the liability is settled.

All the current and deferred income taxes are recorded in current profit or loss, other than those current and deferred income taxes related to transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, and those deferred income taxes arising from business combinations with adjustments to the carrying amounts of goodwill.

At the balance sheet date, the carrying amount of a deferred tax asset is reviewed, and is reduced if it is no longer probable that sufficient taxable income will be available in the future to allow the benefits of the deferred income tax asset to be utilized. Such reduction in the fair amount of the deferred tax asset is reversed when it becomes probable that sufficient taxable income will be available.

#### 37.3 Offsetting of Income Taxes

Where the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current income tax assets and current income tax liabilities are offset and presented on a net basis.

Deferred tax assets and deferred tax liabilities are offset and presented on a net basis when the Group has a legal right to settle current income tax assets and current income tax liabilities on a net basis, and when deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there's an intention either to settle current income tax assets and liabilities on a net basis or to realize the assets and settle the



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liabilities simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed.

### 38. Lease

#### (1). Accounting Methods for Operating Leases

Leases that have substantially transferred all risks and rewards related to asset ownership shall be finance leases. Leases other than finance leases shall be operating leases.

##### 38.1.1 The Group shall record and operate the leasing business as a lessee.

Rental expenses for operating leases shall be recorded into the relevant asset costs or current profits and losses on a straight-line basis during each period of the lease term. Initial direct expenses shall be recorded into current profits and losses. Contingent rentals shall be recorded into current profits and losses when they are actually incurred.

##### 38.1.2 The Group shall record and operate the leasing business as a lessor

Rental incomes from operating leases shall be recognized as current profits and losses on a straight-line basis during each period of the lease term. Initial direct expenses with a large amount shall be capitalized when incurred and recorded into the current profits and losses by stages on the same basis as the recognized rental incomes during the lease term; other initial direct expenses with smaller amount shall be recorded into current profits and losses when incurred. Contingent rentals shall be recorded into current profits and losses when they are actually incurred.

#### (2). Accounting Methods for Finance Leases

Not Applicable

### 39. Other Important Accounting Policies and Accounting Estimates

Not Applicable

### 40. Changes in Important Accounting Policies and Accounting Estimates

#### (1). Changes in Important Accounting Policies

##### New Revenue Standard

From January 1, 2018, the Group implemented the *Corporate Accounting Standards No.14–Revenue (C.K. (2017) No.22, hereinafter referred to as the "New Revenue Standard ")* revised by the Ministry of Finance in 2017. The New Revenue Standard introduces a five-step method for revenue recognition and measurement and adds more guidelines for specific transactions (or events). For the detailed accounting policies for revenue recognition and measurement of the Group, please refer to Notes (VII) and 34. The New Revenue Standard requires the cumulative impact of the first implementation of the standard to be adjusted. The retained earnings and other related items in the financial statements at the beginning of the first year of implementation (i.e. January 1, 2018) are not adjusted for information in comparable period. The Group only adjusts the cumulative impact of contracts that have not been completed on the first execution date.

(1) In addition to providing wider disclosure of incomes and transactions, the impact of the implementation of the New Revenue Standard on items related to the consolidated balance sheet at the beginning of this year is listed below.



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Item	December 31, 2017 (RMB)	Reclassification (RMB)	January 1, 2018 (RMB)
Current liabilities:			
Account collected in advance	87,476,783.61	(87,476,783.61)	-
Contract liabilities	-	87,476,783.61	87,476,783.61

(2) Compared with the original revenue standard, the impact of the implementation of the New Revenue Standard on related items in the consolidated balance sheet this year is listed as follows with no impact on the consolidated income statement.

Item	Balance of current year under new standard (RMB)	Reclassification (RMB)	Balance at the end of this year under the original standard (RMB)
Current liabilities:			
Account collected in advance	-	70,350,063.25	70,350,063.25
Contract liabilities	70,350,063.25	(70,350,063.25)	-

### New Financial Tool Standard

From January 1, 2018, the Group implemented *Corporate Accounting Standards No.22-Recognition and Measurement of Financial Tools* (C.K. (2017) No.7), *Corporate Accounting Standards No.23-Transfer of Financial Assets* (C.K.(2017) No.8), *Corporate Accounting Standards No.24-Hedge Accounting* (C.K. (2017) No.9) and *Corporate Accounting Standards No.37-Presentation of Financial Tools* (C.K. (2017) No.14) revised by the Ministry of Finance in 2017 (hereinafter collectively referred to as "New Financial Tool Standard").

In terms of classification and measurement of financial assets, the New Financial Tool Standard requires financial assets to be classified into "financial assets measured at amortized cost", "financial assets measured at fair value and the changes of which are recorded into other comprehensive incomes" and "financial assets measured at fair value and the changes of which are recorded into current profits and losses" based on their contractual cash flow characteristics and the business model of enterprises managing these assets, thus abolishing the classification of loans and receivables, held-to-maturity investments and available-for-sale financial assets in the original Financial Tool Standard. Equity instrument investments are generally classified as financial assets measured at fair value and the changes of which are recorded into current profits and losses. Non-transactional equity instrument investments are also allowed to be designated as financial assets measured at fair value and the changes of which are recorded into other comprehensive incomes. However, the designation is irrevocable and the accumulated changes in fair value originally included in other comprehensive incomes shall not be carried forward and recorded into the current profits and losses at the time of disposal.

In terms of impairment of financial assets, the impairment requirements of the New Financial Tool Standard apply to financial assets measured at amortized cost, financial assets measured at fair value and the changes of which are recorded into other comprehensive incomes, lease receivables and contract assets. The New Financial Tool Standard requires that the expected credit loss model be adopted to confirm the credit loss reserve to replace the original incurred credit loss model. The new impairment model is adopted with a three-stage model. According to whether the credit risk of related items has increased significantly since the initial confirmation, the credit loss reserve is accrued according to the expected credit loss within 12 months or the expected credit loss during the whole duration. The Group measures the loss reserve for all accounts receivable formed by transactions regulated by the revenue standard and lease receivables formed by transactions regulated by the *Corporate Accounting Standards*

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*No.21-Leasing* by an amount equivalent to the expected credit loss during the whole duration.

If the recognition and measurement of financial tools prior to January 1, 2018 are inconsistent with the requirements of the New Financial Tool Standard, the Group shall make retrospective adjustments in accordance with the requirements of the New Financial Tool Standard. The Group will not make adjustments if the data in the previous comparative financial statements are inconsistent with the requirements of the New Financial Tool Standard. The difference between the original book value of the financial tool and the new book value on the implementation date of the New Financial Tool Standard is recorded into the retained earnings or other comprehensive incomes on January 1, 2018.

### Presentation Format of Financial Statement

From the preparation of the financial statements for the year ended December 31, 2018, the Group implemented the *Notice on Revising, Printing and Distributing the Format of Financial Statements of General Enterprise for the Year 2018* (C.K. (2018) No.15, hereinafter referred to as "C.K. No.15 Document") issued by the Ministry of Finance on June 15, 2018. The C.K. No.15 Document revised the presented items of the balance sheet and income statement, added "notes and accounts receivable", "notes and accounts payable" and "research and development expenditures", amended the presented contents of "other receivables", "fixed assets", "construction in progress", "other payables" and "long-term payables" and "overhead expenses" and reduced the items of "notes receivable", "accounts receivable", "dividends receivable", "interests receivable", "liquidation of fixed asset", "engineering materials", "notes payable", "accounts payable", "interests payable", "dividends payable" and "special accounts payable". The items of "including: interest expense" and "interest income" have been added to the items of "financial expenses" for presentation, and the presentation positions of some items in the income statement have been adjusted.

For the changes in the presented items above, the Group has adjusted the comparative data of the previous year.

### (2). Changes in Important Accounting Estimates

Not Applicable

### (3). New Implementation of New Financial Tool Standard or New Revenue Standard for Adjustment on the First Implementation of Relevant Items in Financial Statements at the Beginning of That Year

## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

### Consolidated Balance Sheet

Item	December 31, 2017 (RMB)	January 1, 2018 (RMB)	Adjustment (RMB)
Current Assets:			
Monetary Funds	5,045,961,868.81	5,045,961,868.81	
Trading Financial Assets	N/A	677,939,216.66	677,939,216.66
Financial Assets Measured at Fair Value and the Changes of Which Are Recorded into Current Profits and Losses	677,939,216.66	N/A	(677,939,216.66)
Notes and Accounts Receivable	5,916,079,554.73	5,916,079,554.73	
Including: Notes Receivable	64,151,729.87	64,151,729.87	
Accounts Receivable	5,851,927,824.86	5,851,927,824.86	
Advance Payment	23,490,945.66	23,490,945.66	
Other Receivables	89,969,053.53	89,969,053.53	
Including: Interests Receivable	11,287,104.25	11,287,104.25	
Stock	3,317,612,598.43	3,317,612,598.43	
Other Current Assets	192,681,649.11	192,681,649.11	
Total Current Assets	15,263,734,886.93	15,263,734,886.93	
Non-current Assets:			
Available-for-sale Financial Assets	22,585,581.40	N/A	(22,585,581.40)
Other Equity Instrument Investments	N/A	24,252,426.96	24,252,426.96
Fixed Assets	1,510,514,444.19	1,510,514,444.19	
Construction in Progress	38,550,178.83	38,550,178.83	
Intangible Assets	27,381,965.32	27,381,965.32	
Long-term Unamortized Expenses	253,580,602.68	253,580,602.68	
Deferred Income Tax Assets	232,458,398.31	232,458,398.31	
Other Non-current Assets	14,587,971.51	14,587,971.51	

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Item	December 31, 2017 (RMB)	January 1, 2018 (RMB)	Adjustment (RMB)
Total Non-current Assets	2,099,659,142.24	2,101,325,987.80	1,666,845.56
Total Assets	17,363,394,029.17	17,365,060,874.73	1,666,845.56
Current Liabilities:			
Short-term Loans	939,479,544.77	939,479,544.77	
Notes and Accounts Payable	6,639,660,362.66	6,639,660,362.66	
Account Collected in Advance	87,476,783.61	-	(87,476,783.61)
Contract Liabilities	N/A	87,476,783.61	87,476,783.61
Payroll Payable	472,419,350.62	472,419,350.62	
Tax Payable	139,285,208.23	139,285,208.23	
Other Payables	294,171,339.98	294,171,339.98	
Other Current Liabilities	32,663,776.56	32,663,776.56	
Total Current Liabilities	8,605,156,366.43	8,605,156,366.43	
Non-current Liabilities:			
Long-term Payroll Payable	71,669,811.74	71,669,811.74	
Estimated Liabilities	6,881,824.01	6,881,824.01	
Deferred Incomes	45,290,063.69	45,290,063.69	
Deferred Income Tax Liabilities			
Other Non-Current Liabilities	1,416,810.39	1,416,810.39	
Total Non-Current Liabilities	125,258,509.83	125,258,509.83	
Total Liabilities	8,730,414,876.26	8,730,414,876.26	
Owner's Equity (or Shareholder's Equity):			
Paid-in Capital (or Share Capital)	2,175,923,580.00	2,175,923,580.00	
Capital Reserve	1,632,547,327.19	1,632,547,327.19	

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## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

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Item	December 31, 2017 (RMB)	January 1, 2018 (RMB)	Adjustment (RMB)
Other Comprehensive Incomes	(20,192,113.05)	(18,525,267.49)	1,666,845.56
Earned Surplus	342,925,836.96	342,925,836.96	
Undistributed Profits	4,500,095,811.41	4,500,095,811.41	
Total Owner's Equity Attributable to Parent Company	8,631,300,442.51	8,632,967,288.07	1,666,845.56
Minority Equity	1,678,710.40	1,678,710.40	
Total Owner's Equity (or Shareholder's Equity)	8,632,979,152.91	8,634,645,998.47	1,666,845.56
Total Liabilities and Owner's Equity (or Shareholder's Equity)	17,363,394,029.17	17,365,060,874.73	1,666,845.56

Instructions on adjustment of items:

Not Applicable

## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

### Balance Sheets of Parent Company

Item	December 31, 2017 (RMB)	January 1, 2018 (RMB)	Adjustment (RMB)
Current Assets:			
Monetary Funds	1,298,033,212.08	1,298,033,212.08	
Trading Financial Assets	N/A	561,410,033.98	561,410,033.98
Measured at Fair Value and the Changes of Which Are Recorded into Current Profits and Losses	561,410,033.98	N/A	(561,410,033.98)
Notes and Accounts Receivable	1,714,223,497.64	1,714,223,497.64	
Including: Notes Receivable	64,068,676.53	64,068,676.53	
Accounts Receivable	1,650,154,821.11	1,650,154,821.11	
Advance Payment	77,411.35	77,411.35	
Other Receivables	13,829,479.58	13,829,479.58	
Including: Interests Receivable	8,526,572.20	8,526,572.20	
Stock	986,305,946.93	986,305,946.93	
Other Current Assets	295,210,225.60	295,210,225.60	
Total Current Assets	4,869,089,807.16	4,869,089,807.16	
Non-current Assets:			
Long-Term Equity Investment	2,738,036,311.54	2,738,036,311.54	
Fixed Assets	529,700,579.05	529,700,579.05	
Construction in Progress	2,576,214.47	2,576,214.47	

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Item	December 31, 2017 (RMB)	January 1, 2018 (RMB)	Adjustment (RMB)
Intangible Assets	12,458,487.14	12,458,487.14	
Long-term Unamortized Expenses	9,797,047.80	9,797,047.80	
Deferred Income Tax Assets	2,655,874.10	2,655,874.10	
Other Non-current Assets	3,645,569.07	3,645,569.07	
Total Non-current Assets	3,298,870,083.17	3,298,870,083.17	
Total Assets	8,167,959,890.33	8,167,959,890.33	
Current Liabilities:			
Short-term Loans	324,190,988.11	324,190,988.11	
Notes and Accounts Payable	1,610,293,388.13	1,610,293,388.13	
Account Collected in Advance	80,081,628.26	-	(80,081,628.26)
Contract Liabilities	N/A	80,081,628.26	80,081,628.26
Payroll Payable	79,721,451.88	79,721,451.88	
Tax Payable	3,706,073.16	3,706,073.16	
Other Payables	43,363,790.28	43,363,790.28	
Including: Interests Payable	748,557.14	748,557.14	
Other Current Liabilities	903,974.72	903,974.72	
Total Current Liabilities	2,142,261,294.54	2,142,261,294.54	
Non-current Liabilities:			
Deferred Incomes	44,397,270.14	44,397,270.14	



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Item	December 31, 2017 (RMB)	January 1, 2018 (RMB)	Adjustment (RMB)
Deferred Income Tax Liabilities			
Other Non-current Liabilities	306,000.00	306,000.00	
Total Non-current Liabilities	44,703,270.14	44,703,270.14	
Total Liabilities	2,186,964,564.68	2,186,964,564.68	
Owner's Equity (or Shareholder's Equity):			
Paid-in Capital (or Share Capital)	2,175,923,580.00	2,175,923,580.00	
Capital Reserve	1,688,260,132.41	1,688,260,132.41	
Earned Surplus	342,925,836.96	342,925,836.96	
Undistributed Profits	1,773,885,776.28	1,773,885,776.28	
Total Owner's Equity (or Shareholder's Equity)	5,980,995,325.65	5,980,995,325.65	
Total Liabilities and Owner's Equity (or Shareholder's Equity)	8,167,959,890.33	8,167,959,890.33	

Instructions on adjustment of items:

The use of the New Financial Tool Standard and the presentation format of financial statements has been reviewed and approved by the Eighth Meeting of the Fourth Board of Directors of the Company on October 29, 2018. The changes in accounting policies of the New Revenue Standard was reviewed and approved at the 10<sup>th</sup> Meeting of the Fourth Board of Directors of the Company on March 27, 2019.

(4) Instructions on Retroactive Adjustment on Preliminary Comparative Data for First Implementation of New Financial Tool Standard

## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

### Summary Statement of the Impact of the First Implementation of the New Financial Tool Standard on January 1, 2018

Item	Presented book value according to the original standard  December 31, 2017 (RMB)	Impact of Implementation of New Financial Tool Standard			Book value presented according to New Financial Tool Standard January 1, 2018 (RMB)
		Reclassification		Re-measurement	
		Transfer from financial assets originally classified as available for sale (Note 1) (RMB)	Transfer from financial assets originally measured at fair value and the changes of which are recorded into current profits (RMB)	From cost measurement to fair value measurement (Note 1) (RMB)	
Financial Assets Measured at Fair Value and the Changes of Which Are Recorded into Current Profits and Losses (Note)	677,939,216.66	-	(677,939,216.66)	-	-
Trading Financial Assets (Note)	-	-	677,939,216.66	-	677,939,216.66
Available-for-sale Financial Assets (Note)	22,585,581.40	(22,585,581.40)	-	-	-
Investment In Other Equity Instruments (Note)	-	22,585,581.40	-	1,666,845.56	24,252,426.96
Other Comprehensive Incomes (Note)	20,192,113.05	-	-	(1,666,845.56)	18,525,267.49

Note 1: Transfers from financial assets originally classified as available for sale

Transfer from available-for-sale financial asset items to investments in other equity instrument items

On January 1, 2018, the available-for-sale financial assets of RMB 22,585,581.40 were non-tradable equity instruments, and the Group is not expected to sell them in the foreseeable future. They are designated as financial assets measured at fair value and the changes of which are recorded into other comprehensive incomes and other equity instrument investments. This part of investment, the available-for-sale financial asset, is an equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured. In the previous year, it was measured at the cost according to the original Financial Tool Standard. On January 1, 2018, fair value measurement was adopted for this part of equity investment, resulting in an increase of RMB 1,666,845.56 in the book value of other equity instrument investment items and corresponding increase in other comprehensive incomes (changes in fair values of other equity instrument investments).

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## APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES OF USI

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Note 2: Transfers from financial asset items originally measured at fair value and the changes of which are recorded into current profits and losses

On January 1, 2018, the Group no longer listed equity instrument investments with book value of RMB 673,271,242.89 and derivative financial assets with book value of RMB 4,667,973.77 as financial assets measured at fair value and the changes of which are recorded into current profits and losses. Such investments are classified as financial assets measured at fair value and the changes of which are recorded into current profits and losses and in trading financial assets.

On January 1, 2018, there was no significant impact after the Group reassessed the financial assets and other items classified as those measured at amortized costs according to the loss reserves recognized by the original Financial Tool Standard and the credit loss reserves recognized by the New Financial Tool Standard.

41. Others

Not Applicable

## APPENDIX 8 – DISCLOSURE OF SHAREHOLDINGS, DEALINGS AND OTHER ARRANGEMENTS

### 1. HOLDINGS OF SHARES

As at the Latest Practicable Date, based on the latest information available to the Offeror, the interests in Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror are set out below:

Name	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Keytech	61,678,400	44.03	–	–
CWF <sup>(2)</sup>	5,542,800	3.96	61,678,400	44.03
CTD	4,504,400	3.22	–	–
CTM	3,983,200	2.84	–	–
HNB	1,504,500	1.07	–	–
GCH	1,445,800	1.03	–	–
WJ	1,188,180	0.85	–	–
Xu Jianxin	787,800	0.56	–	–
Cai Weidong	671,280	0.48	–	–
Chen Zhengmao	625,000	0.45	–	–
Huang Cheng	408,000	0.29	–	–
BYS	407,600	0.29	–	–
YCK <sup>(3)</sup>	400,000	0.29	592,000	0.42
Chen Chengfu	320,000	0.23	–	–
ZLQ	198,580	0.14	–	–
Lan Guozhang	174,000	0.12	–	–
Lin Hai	173,600	0.12	–	–
Bank of Singapore Limited <sup>(4)</sup>	150,000	0.11	–	–
Cao Yubing	144,500	0.10	–	–
Teow Zhi Hao	100,000	0.07	–	–
Hu Shiwei	76,400	0.05	–	–
Teow Zhi Han	33,000	0.02	–	–
TJH <sup>(5)</sup>	70,000	0.05	100,040	0.07
Soon Tit Koon <sup>(6)</sup>	28,000	0.02	90,000	0.06
Huang Zhihong	26,200	0.02	–	–
Koh Kok Boon	20,000	0.01	–	–

**Notes:**

- (1) Calculated based on 140,080,878 Shares (excluding treasury shares) and rounded to the nearest two decimal places.
- (2) CWF is deemed to be interested in 61,678,400 Shares held by Keytech, pursuant to the SFA.
- (3) YCK is deemed to be interested in 592,000 Shares held by his spouse, Marisa Huang Min, pursuant to the Companies Act.
- (4) Held by Bank of Singapore Limited, a subsidiary of OCBC Bank (the financial adviser to the Offeror in relation to the Offer), in a custody account on behalf of its client.
- (5) TJH is deemed to be interested in 100,040 Shares held by his spouse, Chen Chin-Yu, pursuant to the Companies Act.
- (6) Soon Tit Koon is a director of certain subsidiaries of OCBC Bank (the financial adviser to the Offeror in relation to the Offer), and is deemed to be interested in 90,000 Shares held by his spouse, Variya Upatising, pursuant to the Companies Act.

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## APPENDIX 8 – DISCLOSURE OF SHAREHOLDINGS, DEALINGS AND OTHER ARRANGEMENTS

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### 2. DEALINGS IN SHARES

The details of the dealings in Shares during the Reference Period by the Offeror and parties acting in concert with the Offeror are set out below:

<b>Name<sup>(1)</sup></b>	<b>Date</b>	<b>No. of Shares Acquired</b>	<b>No. of Shares Sold</b>	<b>Transaction Price per Share (S\$)<sup>(2)</sup></b>
Bank of Singapore Limited	25 February 2019	–	7,500	0.950
	26 February 2019	–	92,500	0.950
	27 February 2019	–	43,400	1.000
	28 February 2019	–	50,000	0.990
	1 March 2019	–	20,000	1.000
	26 March 2019	50,000	–	0.970
	26 March 2019	50,000	–	0.975
	29 April 2019	–	100,000	1.040

**Notes:**

- (1) These trades were executed by Bank of Singapore Limited, a subsidiary of OCBC Bank (the financial adviser to the Offeror in relation to the Offer), on a non-discretionary basis on behalf of clients.
- (2) Rounded to the nearest three decimal places.

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## APPENDIX 9 – GENERAL INFORMATION

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### 1. DISCLOSURE OF INTERESTS

- 1.1 No Agreement having any Connection with or Dependence upon the Offer.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (i) the Offeror or any party acting in concert with the Offeror and (ii) any of the current or recent directors of the Company or any of the current or recent Shareholders having any connection with or dependence upon the Offer.
- 1.2 Transfer of Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Shares acquired pursuant to the Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Shares to any party acting in concert with the Offeror or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to it.
- 1.3 No Payment or Benefit to Directors of the Company.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company, or any of its related corporations as compensation for loss of office or otherwise in connection with the Offer.
- 1.4 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 (i) the Offeror and (ii) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer.
- 1.5 Transfer Restrictions.** The constitution of the Company does not contain any restrictions on the right to transfer the Shares.
- 1.6 No Indemnity Arrangements.** As at the Latest Practicable Date, save as disclosed in this Offer Document, neither the Offeror nor any party acting in concert with the Offeror has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.

### 2. GENERAL

- 2.1 Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of the Offer Document (other than professional fees and other costs incurred or to be incurred by the Company relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.
- 2.2 Consent from OCBC Bank.** OCBC Bank (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.
- 2.3 Consent from M & C Services Private Limited.** M & C Services Private Limited 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.

## APPENDIX 9 – GENERAL INFORMATION

### 3. MARKET QUOTATIONS

**3.1 Closing Prices of the Shares.** The closing prices of the Shares on the SGX-ST, as reported by Bloomberg L.P., on (i) the Latest Practicable Date was S\$1.34 and (ii) 10 May 2019 (being the Last Trading Day of the Shares on the SGX-ST immediately preceding the Offer Announcement Date) was S\$1.09.

The last transacted prices of the Shares on the SGX-ST on a monthly basis from November 2018 to April 2019 (being the six calendar months preceding the Offer Announcement Date), as reported by Bloomberg L.P., and the corresponding premium based on the Offer Price of S\$1.35 are set out below:

Month	Last Transacted Price (S\$) <sup>(1)(2)</sup>	Premium based on Offer Price of S\$1.35 (%) <sup>(3)</sup>
November 2018	0.800	68.8
December 2018	0.785	72.0
January 2019	0.860	57.0
February 2019	0.985	37.1
March 2019	0.960	40.6
April 2019	1.050	28.6

**Notes:**

(1) Based on data extracted from Bloomberg L.P. as of the Latest Practicable Date.

(2) Rounded to the nearest three decimal places.

(3) For the purposes of the table above, all percentage figures are rounded to the nearest one decimal place.

**3.2 Highest and Lowest Prices.** During the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date, the highest and lowest closing prices of the Shares on the SGX-ST, as reported by Bloomberg L.P. are as follows:

- (i) highest closing price: S\$1.340 on 22 May 2019, 23 May 2019 and 24 May 2019; and
- (ii) lowest closing price: S\$0.740 on 23 November 2018.

### 4. DOCUMENTS FOR INSPECTION

**4.1** Copies of the following documents may be inspected at the offices of M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 during normal business hours for the period for which the Offer remains open for acceptance:

- (i) the letter of consent from OCBC Bank referred to in Paragraph 2.2 of this **Appendix 9**;
- (ii) the letter of consent from M & C Services Private Limited referred to in Paragraph 2.3 of this **Appendix 9**;
- (iii) the Offer Announcement and this Offer Document;
- (iv) the constitution of the Offeror;
- (v) the Reinvestment Irrevocable Undertakings;
- (vi) the audited consolidated financial statements of USI for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 (in the Chinese language); and
- (vii) the unaudited consolidated financial statements of USI for the first quarter ended 31 March 2019 (in the Chinese language).



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# 关于要约

所有术语的含义均以本要约文件中的定义为准

## 8. 如何接纳要约

请找出要约文件随附的相关接纳表格：

- 若您的要约股份存放于CDP，请就该等要约股份找出并填写FAA接纳表格。
- 请核对您的个人信息和证券账户号码。
- 请在A章节的A部分中，填写您有意接纳要约的要约股份数量。您可以提交您的全部或部分要约股份，或不提交任何要约股份。
- 请填写适用日期，然后在FAA接纳表格的右下角签名。
- 以所附预先注明地址的信封交回经签署和填妥的FAA接纳表格，请注意接纳表格最迟须于2019年6月28日下午5时30分（新加坡时间）或要约方或其代表可能不时公告的更迟日期寄达。

I/We hereby irrevocably authorise CDP to effect the transfer from my/our Securities Account with CDP of the following number of Offer Shares to the Securities Account maintained with CDP of the Offeror or the Transferee:

**样本**

Part A	Number of Offer Shares now standing to the credit of the "Free Balance" of my/our Securities Account in respect of which the Offer is accepted	Please indicate the number of Offer Shares you wish to tender in acceptance of the Offer
NOTE: Please refer to paragraphs 2 and 3 of page 2 of this FAA for instructions on inserting the number of Offer Shares above.		

**样本**

Date \_\_\_\_\_

PLEASE SIGN HERE

Signature(s)/Thumbprint(s) of Depositor(s)/Joint Depositors.  
For corporations, please sign as per your signing mandate and where appropriate, the Common Seal to be affixed in accordance with your Constitution or relevant constitutive documents.

- 若您的股份未存放于CDP，请就该等股份找出并填写FAT接纳表格。

有关接纳要约的程序详情载于要约文件附录2以及FAA和/或FAT接纳表格中。有意接纳要约的公积金投资计划投资者或退休辅助计划投资者应联系各自的公积金代理银行和退休辅助计划代理银行。

## 9. 主要联系信息

华侨银行有限公司  
+65 6530 8462  
(在办公时间内)

# 关于要约

所有术语的含义均以本要约文件中的定义为准

由于股份的交易流动性较低，股东可能无法在其他情况下获得此类退出机会。截至最后交易日（包括该日）止1个月、3个月、6个月和12个月期间，股份的成交量普遍偏低，平均日成交量<sup>1</sup>分别约为523,680股、383,479股、227,176股和211,939股。该等平均日成交量均各自少于上述任何期间已发行股份总数的0.4%。

<sup>1</sup> 平均日成交量基于截至最后交易日（包括该日）止1个月、3个月、6个月和12个月期间的股份总成交量除以交易日日数计算。

## 4. 接纳条件

要约须待要约方在要约截止时或之前已就将导致要约方、其关联公司或他们各自的代名人持有不少于公司于要约截止时股份总数的90%的要约股份数目收到有效的要约接纳表格（且并未被撤回）时，方告作实。

要约方保留将接纳条件降至股份总数50%以上的较低水平的权利，但须取得证券行业委员会的同意。

## 5. 要约方的意图

要约方作出要约的目的是要将公司从新交所退市及行使其强制收购的权利。

如若要约方有权强制收购未接纳要约的股东的所有要约股份，要约方有意行使该等强制收购权利。

此外，如要约方无法行使其强制收购权利，且公司不满足公众持股量规定，要约方和财团成员无意维持公众持股量规定或支持任何满足公众持股量规定的行动或维持公司目前的上市地位。

## 6. 不可撤销承诺

要约方已收到合共持有全部已发行股份约57.77%的Keytech、Keytech的董事和庄氏家族的（其中包括）接纳要约的不可撤销承诺。

## 7. 重要日期和时间

事件	日期
寄发要约文件	2019年5月31日（星期五）
向股东寄发公司要约通函的最后日期	2019年6月14日（星期五）
截止日期和时间	2019年6月28日（星期五）下午5时30分（新加坡时间）或要约方或其代表可能不时公告的更迟日期

# 关于要约

所有术语的含义均以本要约文件中的定义为准

## 1. 您将获得的价款

如果要约根据其条款在各方面成为或被宣布成为无条件要约，您将获得

**每股要约股份S\$1.35现金**

要约价为最终价格，要约方不拟修订要约价。

下列例子说明股东有效接纳要约能获取的价款，供参考：

**1,000 = S\$1,350**  
要约股份

**10,000 = S\$13,500**  
要约股份

**50,000 = S\$67,500**  
要约股份

## 2. 您应考虑要约的理由

要约为股东提供下列机会：

- 您将就您在Memtech的投资获得溢价。
- 您确定将可按固定价格变现您在Memtech的投资。
- 您变现您在Memtech的投资将不会产生任何经纪和其他交易费用。
- 鉴于股份的交易流动性较低，您将获得现金退出机会。
- 您将在一定程度上因持续的中美贸易纠纷而充满不确定性的经济环境中就您在Memtech的投资获得现金价款。

如果您在要约成为无条件要约当日或之前接纳要约，您将在要约成为无条件要约后七(7)个营业日内获得价款。

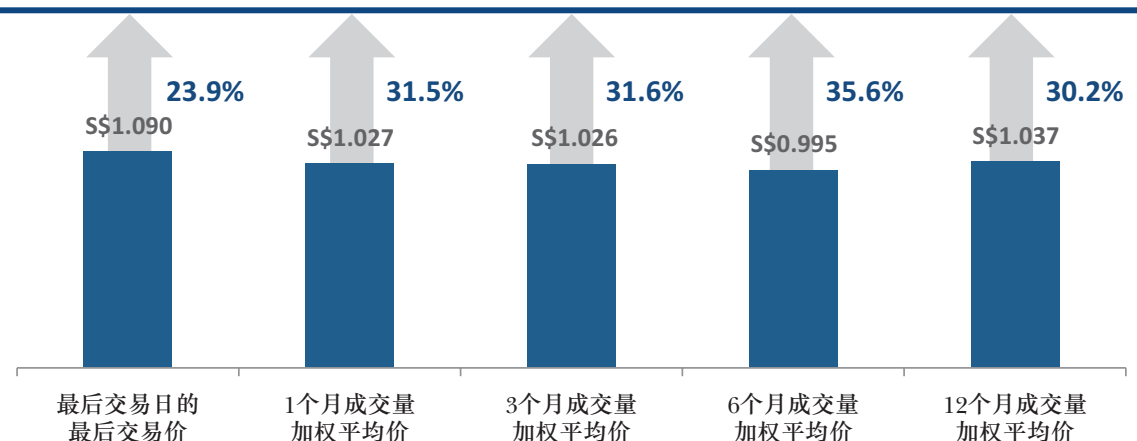
如果您在要约成为无条件要约之后接纳要约，您将在送达有效的要约接纳表格之日后七(7)个营业日内获得价款。

## 3. 要约价具备溢价

要约价为每股要约股份S\$1.35现金，较：

- 截至最后交易日（即2019年5月10日）（包括该日）止1个月、3个月、6个月和12个月期间的每股成交量加权平均价（“成交量加权平均价”）分别溢价约31.5%、31.6%、35.6%和30.2%。
- 最后交易日新交所报每股收市价S\$1.09溢价约23.9%。

**要约价: S\$1.35**







如刊发、刊登或分发本要约全部或部分构成对任何司法管辖区的相关法律的违反，则不供在、向或从该等司法管辖区进行该等刊发、刊登或分发。本要约文件不构成在任何司法管辖区出售证券的要约或认购或购买证券的要约招揽。

要约文件日期为2019年5月31日

本要约文件属要件，请即处理。谨请细阅。

如对本要约（定义见本文件）有任何疑问，请立即咨询您的股票经纪、银行经理、律师、会计师、税务顾问或其他专业顾问。

# 自愿 附条件 现金要约

为并代表

**M-Universe Investments Pte. Ltd.**

（于新加坡共和国注册成立）

（公司注册编号：201912256E）

收购



**Memtech International Ltd.**

（于新加坡共和国注册成立）

（公司注册编号：200312032Z）

股本中的全部已发行普通股

代表方



**华侨银行有限公司**

（于新加坡共和国注册成立）

（公司注册编号：193200032W）

不包括M-Universe Investments Pte. Ltd.、其关联公司或  
他们各自的代名人已拥有、控制或同意被其收购的股份

公司将适时向您提供就要约而言被视为独立的董事（“独立董事”）及独立董事的独立财务顾问的有关要约的观点。在就要约作出任何决定之前，您可能想要考虑他们的意见。

最终要约价  
每股要约股份

**S\$1.35** 现金

要约接纳表格须于

2019年6月28日

下午5时30分（新加坡时间）

（或要约方或其代表不时公告  
的更迟日期）或之前送达

如果您已出售或转让存放于The Central Depository (Pte) Limited（“CDP”）的所有股份（定义见本文件），您无需向买方或受让人转交本要约文件以及随附的要约股份接纳及授权表格（“FAA”），因为CDP将会安排向买方或受让人寄发单独的要约文件和FAA。如果您已出售或转让所有未存入CDP的股份，您应立即将本要约文件及随附的要约股份接纳及转让表格（“FAT”）交予买方或受让人或经办销售或转让的银行、股票经纪或代理人以便转交予买方或受让人。

新加坡证券交易有限公司（“新交所”）对本要约文件所作任何陈述、所载任何报告或所表达任何意见的正确性概不承担任何责任。

本部分或本要约文件所列的任何信息并未意在或可被作为提供给公司股东或任何其他方的建议、推荐或游说。华侨银行有限公司（“华侨银行”）为了并代表要约方行事，而并非旨在向公司任何股东或任何其他方提供建议。

## 重要声明

本部分所载资料仅为要约的概要，故应受本要约文件其余部分所载的全部内容所限，并应与其一并阅读。若本概要与本要约文件存在任何不一致或相冲突的条款，则应以本要约文件的所列条款为准。