

CIRCULAR DATED 22 DECEMBER 2016

THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF STIRLING COLEMAN CAPITAL LIMITED TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

If you have sold or transferred all your ordinary shares in the capital of Aztech Group Ltd. (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, and may not be used for the purpose of, and does not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

Aztech

AZTECH GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198601642R)

CIRCULAR TO SHAREHOLDERS

In relation to the

PROPOSED VOLUNTARY DELISTING OF AZTECH GROUP LTD. PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL

Independent Financial Adviser to the Independent Directors of Aztech Group Ltd.

 **STIRLING COLEMAN**

施霖高诚

Stirling Coleman Capital Limited

(Incorporated in the Republic of Singapore)
(Company Registration No. 200105040N)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of proxy form	:	4 January 2017 at 2.00 p.m.
Date and time of Extraordinary General Meeting	:	6 January 2017 at 2.00 p.m.
Place of Extraordinary General Meeting	:	12th floor Conference Room Aqueen Hotel Paya Lebar 33 Jalan Affi Singapore 409180

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CORPORATE INFORMATION

Board of Directors	:	Michael Mun Hong Yew (Group CEO and Chairman) Jeremy Mun Weng Hung (Executive Director and Senior Vice President) Philip Tan Tee Yong (Lead Independent Director) Khoo Ho Tong (Independent Director) Tan Teik Seng (Independent Director)
Company Secretary	:	Pavani Nagarajah
Registered Office	:	31 Ubi Road 1 #09-01 Singapore 408694
Share Registrar and Transfer Office	:	B.A.C.S. Private Limited 8 Robinson Road #03-00 ASO Building Singapore 048544
Independent Financial Adviser to the Independent Directors in respect of the Exit Offer	:	Stirling Coleman Capital Limited 4 Shenton Way #07-03 SGX Centre 2 Singapore 068807
Independent Valuer	:	AVA Associates Limited
Legal Adviser to the Company in respect of the Exit Offer	:	Rajah & Tann Singapore LLP 9 Battery Road #25-01 Straits Trading Building Singapore 049910
Auditors of the Company	:	Deloitte & Touche LLP 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068809

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Acceptance Forms”	:	FAA and/or FAT, as the case may be
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders issued by the Company in relation to the proposed voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual
“Closing Date”	:	5.30 p.m. on 23 January 2017 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 Exit Offer
“Code”	:	The Singapore Code on Take-overs and Mergers as amended, supplemented or modified from time to time
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
“Company”	:	Aztech Group Ltd.
“Consolidated NTA”	:	Consolidated net tangible assets
“Constitution”	:	The constitution of the Company
“Controlling Shareholders”	:	Shareholders who: (a) hold directly or indirectly 15% or more of the total number of the issued Shares; or (b) in fact exercise control over the Company
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Delisting”	:	The proposed voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
“Delisting Proposal”	:	The proposal dated 16 September 2016 presented by the Offeror to the Board to seek the Delisting
“Delisting Proposal Conditions”	:	The conditions precedent to the Delisting Proposal as set out in Section 3.2 of this Circular
“Delisting Resolution”	:	The resolution to be proposed at the EGM to approve the Delisting

DEFINITIONS

“Delisting Resolution Approval Conditions”	:	The approval of the Delisting Resolution by a majority of at least 75% of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and the Delisting Resolution not being voted against by 10% or more of the total number of issued Shares (excluding treasury shares) held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM
“Directors” or “Board”	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date
“Dissenting Shareholders”	:	Shareholders who have not accepted the Exit Offer after the Closing Date
“Distributions”	:	Any dividends, rights and other distributions declared, paid or made by the Company in respect of the Shares
“EGM”	:	The extraordinary general meeting to be convened by the Company on 6 January 2017 to seek the approval of the Shareholders for the Delisting, notice of which is given on pages 124 and 125 of this Circular
“Encumbrances”	:	All liens, equities, mortgages, debentures, pledges, title retention, security interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
“Exit Offer”	:	The cash offer made by MKES, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms
“Exit Offer Letter”	:	The letter dated 22 December 2016 by MKES, for and on behalf of the Offeror, to Shareholders in relation to the Exit Offer, as may be amended, revised, supplemented or updated from time to time
“Exit Offer Period”	:	The period commencing on the Joint Announcement Date until the date the Exit Offer is declared to have closed or lapsed
“Exit Offer Price”	:	S\$0.42 in cash for each Offer Share
“Exit Offer Settlement Date”	:	The settlement date in respect of the Offer Shares tendered in acceptance by Shareholders pursuant to the Exit Offer
“FAA”	:	Form of Acceptance and Authorisation in respect of the Exit Offer, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer in respect of the Exit Offer, which forms part of the Exit Offer Letter and which is issued to Shareholders whose Offer Shares are not deposited with CDP
“FY”	:	Financial year ended 31 December
“Group”	:	The Company, its subsidiaries and associated companies

DEFINITIONS

“HY”	:	The six-month period ended 30 June
“IFA”	:	Stirling Coleman Capital Limited, the independent financial adviser to the Independent Directors in respect of the Exit Offer
“IFA Letter”	:	The letter from the IFA setting out its advice to the Independent Directors as set out in Appendix I to this Circular
“Independent Directors”	:	Philip Tan Tee Yong, Khoo Ho Tong and Tan Teik Seng, the Directors who are considered independent for the purposes of the Exit Offer
“Independent Valuer”	:	AVA Associates Limited, the independent valuer engaged by the Company
“Irrevocable Undertakings”	:	The MHY Irrevocable Undertaking and Relevant Irrevocable Undertakings
“Joint Announcement”	:	The joint announcement dated 20 September 2016 released by the Company and the Offeror, in connection with the Delisting and the Exit Offer
“Joint Announcement Date”	:	20 September 2016, being the date on which the Joint Announcement was made
“Last Trading Day”	:	16 September 2016, being the last full day of trading in the Shares on the SGX-ST prior to the Joint Announcement Date
“Latest Practicable Date”	:	12 December 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time up to the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“MHY Irrevocable Undertaking”	:	The irrevocable undertaking dated 16 September 2016 provided by Mr Michael Mun Hong Yew to the Offeror, as more particularly described in Section 4.1 of this Circular
“MHY Shares”	:	All the Shares held by Mr Michael Mun Hong Yew from time to time
“Minimum Acceptance Condition”	:	Has the meaning ascribed to it in Section 3.2 of this Circular
“MKES”	:	Maybank Kim Eng Securities Pte. Ltd.
“Offer Shares”	:	All the Shares to which the Exit Offer relates, as more particularly described in Section 1 of this Circular
“Offeror”	:	AVS Investments Pte. Ltd.
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown in the Register of Members of the Company or in the records of CDP (as the case may be)

DEFINITIONS

“Record Date”	:	In relation to any Distribution, the date on which Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such Distribution
“Register”	:	The register of holders of the Shares, as maintained by the Share Registrar
“Relevant Amount”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“Relevant Directors”	:	Mr Michael Mun Hong Yew and Mr Jeremy Mun Weng Hung
“Relevant Irrevocable Undertakings”	:	Means the irrevocable undertakings dated 16 September 2016 provided by each of Mr Jeremy Mun Weng Hung, Mr Mun Weng Kai, Mr Mun Weng Hoe and AVS Technologies Pte Ltd to the Offeror
“Revalued Assets”	:	Has the meaning ascribed to it in Section 8.3 of this Circular
“RNAV”	:	Revalued Net Asset Value
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than 5% of the issued voting Shares of the Company
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“Valuation Report”	:	The valuation report dated 12 December 2016 issued by the Independent Valuer as set out in Appendix IV to this Circular
“VWAP”	:	Volume weighted average price of the Shares on the SGX-ST
“%” or “per cent.”	:	Percentage or per centum

The term “**acting in concert**” shall have the meaning ascribed to it in the Code, and references to “**concert parties**” shall be construed accordingly.

The term “**associated company**” shall have the meaning ascribed to it in the Listing Manual.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

DEFINITIONS

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

Genders. 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 Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

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

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

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

Time and Date. Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Total number of issued Shares. References in this Circular to the total number of issued Shares are based on 48,609,243 Shares in issue as at the Latest Practicable Date (excluding 2,400,100 treasury Shares) (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on such date), unless otherwise stated.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statements.

INDICATIVE TIMETABLE

Latest date and time for lodgement of proxy form	:	4 January 2017, 2.00 p.m.
Date and time of EGM	:	6 January 2017, 2.00 p.m.
Expected date and time of trading suspension of the Shares by the SGX-ST	:	To be announced by or on behalf of the Company
Expected Closing Date and time	:	23 January 2017 at 5.30 p.m. or such other date(s) as may be announced from time to time by or on behalf of the Offeror
Expected date for the Delisting	:	31 January 2017 or such other date(s) as may be announced from time to time by the Company
Expected date for the payment of the Exit Offer Price	:	(a) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received on or before the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within ten (10) days of that date; or (b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received after the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Exit Offer closes, within ten (10) days of the date of such receipt

VOTING THRESHOLD REQUIREMENTS

PLEASE NOTE THAT PURSUANT TO LISTING RULE 1307 THE EXIT OFFER IS CONDITIONAL UPON:

- (I) THE DELISTING RESOLUTION BEING PASSED AT THE EGM. PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75% OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND IF THE DELISTING RESOLUTION HAS NOT BEEN VOTED AGAINST BY 10% OR MORE OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY, AT THE EGM; AND
- (II) THE RECEIPT BY THE OFFEROR, BY THE CLOSE OF THE EXIT OFFER, OF VALID ACCEPTANCES IN RESPECT OF SUCH NUMBER OF OFFER SHARES WHICH WILL RESULT IN THE OFFEROR HOLDING MORE THAN 50% OF THE SHARES (EXCLUDING ANY SHARES HELD BY THE COMPANY AS TREASURY SHARES) AS AT THE CLOSE OF THE EXIT OFFER.

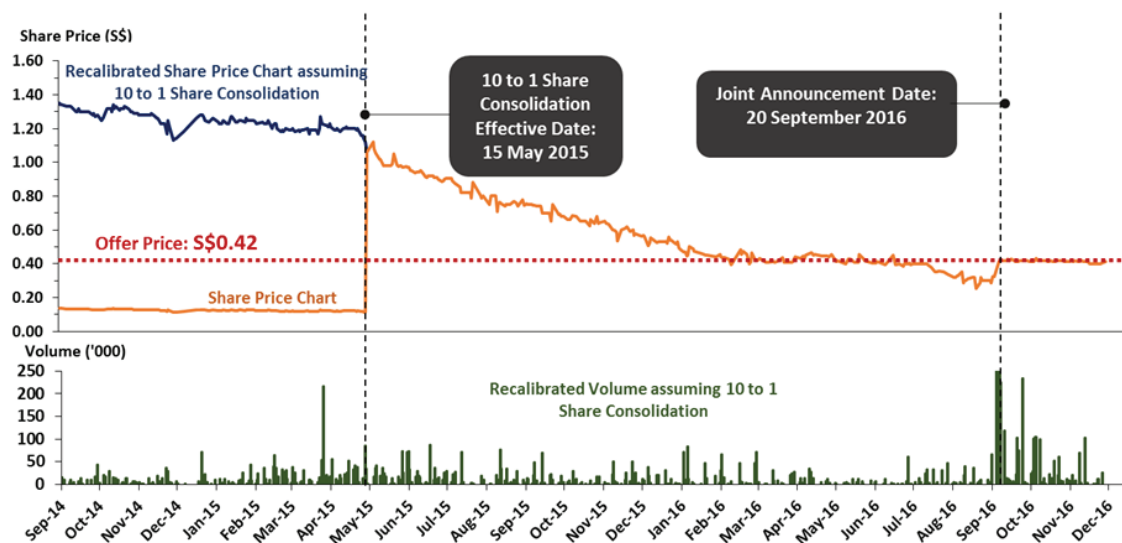
IF THESE CONDITIONS ARE NOT SATISFIED, THE DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST AND THE EXIT OFFER WILL LAPSE.

AS AT THE LATEST PRACTICABLE DATE, THE OFFEROR AND PARTIES ACTING IN CONCERT WITH THE OFFEROR HOLD AN AGGREGATE 29.809% OF SHARES IN THE COMPANY. PURSUANT TO THE LISTING RULES, THE OFFEROR AND PARTIES ACTING IN CONCERT WITH THE OFFEROR CAN VOTE ON THE DELISTING RESOLUTION ON ALL THESE SHARES.

PLEASE NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO THE ACCEPTANCE PROCEDURES SET OUT IN APPENDIX I TO THE EXIT OFFER LETTER IF YOU WISH TO ACCEPT THE EXIT OFFER.

PLEASE REFER TO (A) SECTION 13.2 FOR THE IFA'S RECOMMENDATION TO THE INDEPENDENT DIRECTORS AND THE BASIS OF SUCH RECOMMENDATION AND (B) SECTION 14 FOR THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS TO SHAREHOLDERS AND THE BASIS FOR SUCH RECOMMENDATION.

PLEASE SEE BELOW A CHART ON THE SHARE PRICE PERFORMANCE OF THE COMPANY FROM 17 SEPTEMBER 2014 UP TO THE LATEST PRACTICABLE DATE.



LETTER TO SHAREHOLDERS

AZTECH GROUP LTD.

(Incorporated in Singapore)
(Company Registration No. 198601642R)

Directors:

Michael Mun Hong Yew (*Group CEO and Chairman*)
Jeremy Mun Weng Hung (*Executive Director and Senior Vice President*)
Philip Tan Tee Yong (*Lead Independent Director*)
Khoo Ho Tong (*Independent Director*)
Tan Teik Seng (*Independent Director*)

Registered Office:

31 Ubi Road 1
#09-01
Singapore 408694

22 December 2016

To: The Shareholders of the Company

Dear Sir / Madam

PROPOSED VOLUNTARY DELISTING OF AZTECH GROUP LTD. PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

On 20 September 2016, the Company and the Offeror jointly announced that the Offeror had presented the Delisting Proposal to the Company to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Under the terms of the Delisting Proposal, MKES, for and on behalf of the Offeror, will make the Exit Offer in cash, to acquire all the issued Shares, other than those Shares held in treasury and those Shares already owned, controlled or agreed to be acquired by the Offeror ("**Offer Shares**") at S\$0.42 per Offer Share.

The Directors, having considered the Delisting Proposal, have resolved to make an application to the SGX-ST for approval of the Delisting, and to convene the EGM to seek the approval of Shareholders for the Delisting.

The purpose of this Circular is to provide Shareholders with information relating to the Delisting Proposal and the Exit Offer, and to seek Shareholders' approval at the EGM for the Delisting Resolution to be passed.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. The Delisting Proposal and the Exit Offer are conditional upon, *inter alia*, (a) the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST; (b) the Delisting Resolution being passed at the EGM; and (c) the ruling given by SIC waiving the requirement for compliance of the Exit Offer with certain provisions of the Code. Please refer to Section 3.2 of this Circular for further details on the Delisting Proposal Conditions.

Subject to the satisfaction of the Delisting Proposal Conditions set out in Section 3.2 of the Circular, the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer.

LETTER TO SHAREHOLDERS

2.1 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an EGM to obtain Shareholders' approval of the Delisting Resolution;
- (b) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (Directors and Controlling Shareholders are not required to abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution is not voted against by 10% or more of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the Official List of the SGX-ST:

- (i) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and
- (ii) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.2 Application to the Securities Industry Council

As stated in Section 10 of the Exit Offer Letter, an application was made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Code apply to the Exit Offer, and the SIC ruled on 25 August 2016, *inter alia*, that:

“(a) the Exit Offer is exempted from compliance with the following provisions of the Code:

- (i) Rule 20.1 on keeping the Exit Offer open for fourteen (14) days after it is revised;*
- (ii) Rule 22 on the offer timetable;*
- (iii) Rule 28 on acceptances; and*
- (iv) Rule 29 on the right of acceptors to withdraw their acceptances,*

subject to the following conditions:

a. the Exit Offer remaining open for at least:

- A. twenty-one (21) days after the date of despatch of the Exit Offer Letter if the Exit Offer Letter is despatched after Shareholders' approval for the Delisting has been obtained; or*
- B. fourteen (14) days after the date of the announcement of Shareholders' approval for the Delisting if the Exit Offer Letter is despatched on the same date as the Circular; and*

LETTER TO SHAREHOLDERS

- b. *disclosure in the Circular of:*
 - A. *the consolidated net tangible asset (“**Consolidated NTA**”) per Share of the Group based on the latest published accounts prior to the date of the Circular;*
 - B. *particulars of all known material changes as at the latest practicable date which may affect the Consolidated NTA per Share referred to in the paragraph above or a statement that there are no such known material changes; and*
 - c. *the Delisting Proposal being conditional upon the Exit Offer meeting the Minimum Acceptance Condition;*
- (b) *the confirmation of the adequacy of financial resources to be provided pursuant to Rules 3.5 and 23.8 of the Code in connection with the Exit Offer may exclude the Relevant Amount, subject to the MHY Irrevocable Undertaking not being revoked at any time before the completion of the Exit Offer; and*
- (c) *Mun Hong Yew and Jeremy Mun Weng Hung (collectively, “**Relevant Directors**”), being concert parties of the Offeror, are exempted from the requirement to make a recommendation to Shareholders on the Exit Offer as each of the Relevant Directors faces irreconcilable conflict of interests in doing so. Nevertheless, each of the Relevant Directors must still assume responsibility for the accuracy of the facts stated and opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.”*

2.3 Application to the SGX-ST

An application will be made by the Company to the SGX-ST to delist the Company from the Official List of the SGX-ST, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual.

2.4 Exit Offer Letter

The Exit Offer Letter (including the Acceptance Forms) have been despatched, together with this Circular, to the Shareholders with Singapore addresses as shown in the Register of Members of the Company or as the case may be, in the Depository Register.

3. THE EXIT OFFER

As stated in the Exit Offer Letter, for and on behalf of the Offeror, MKES will make the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Form(s).

3.1 Terms of the Exit Offer

As stated in the Exit Offer Letter, the Offeror will make the Exit Offer for the Offer Shares on the basis set out below.

The offer price for each Offer Share will be **S\$0.42** in cash (“**Exit Offer Price**”).

The Offeror does not intend to revise the Exit Offer Price.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer. Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. Each Shareholder who accepts the Exit Offer will receive S\$42.00 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

LETTER TO SHAREHOLDERS

The Offer Shares will be acquired fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other Distributions, if any, the Record Date for which falls on or after the Joint Announcement Date.

Without prejudice to the generality of the foregoing, if any Distribution is made, the Record Date for which falls on or after the Joint Announcement Date, then the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the Exit Offer Settlement Date falls:

- (a) if the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholder the unadjusted Exit Offer Price of S\$0.42 in cash for each Offer Share, as the Offeror will receive the Distribution of such Offer Share from the Company; and
- (b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered will be reduced by an amount which is equal to the Distribution in respect of such Offer Share, as the Offeror will not receive such Distribution from the Company.

The Exit Offer is extended, on the same terms and conditions, to all the Offer Shares.

3.2 Conditions

As stated in the Exit Offer Letter, the Delisting Proposal and Exit Offer will be conditional on:

- (a) receipt of the requisite approval of the SGX-ST for the Delisting;
- (b) the Delisting Resolution being approved by at least 75% of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for Shareholders to vote on the Delisting Resolution (the Directors and Controlling Shareholders need not abstain from voting on the Delisting Resolution), and the Delisting Resolution not being voted against by 10% or more of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (collectively, "**Delisting Resolution Approval Condition**");
- (c) the receipt by the Offeror, by the close of the Exit Offer, of valid acceptances in respect of such number of Offer Shares which will result in the Offeror holding more than 50% of the Shares (excluding any Shares held by the Company as treasury Shares) as at the close of the Exit Offer ("**Minimum Acceptance Condition**");
- (d) the ruling given by the SIC waiving the requirement for compliance of the Exit Offer with certain provisions of the Code, and such waiver not being revoked, rescinded or cancelled prior to the close of the Exit Offer; and
- (e) the approval of such other relevant authority as may be required,

(collectively, "**Delisting Proposal Conditions**").

If the Delisting Proposal Conditions are not fulfilled, the Exit Offer will lapse and the Company will remain listed on the SGX-ST.

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3.3 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. However, such acceptances would be conditional upon the Delisting Proposal Conditions being satisfied. If the Delisting Proposal Conditions are not satisfied, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

The Exit Offer will be conditional upon the Minimum Acceptance Condition and the Delisting Resolution Approval Condition being satisfied, and receipt of the requisite approval of the SGX-ST for the Delisting.

As stated above, Shareholders are to note that if the Delisting Proposal Conditions are not fulfilled, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

3.4 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him, as or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other Distributions, if any, which may be declared, paid or made by the Company on or after the Joint Announcement Date).

3.5 Duration

As stated in the Exit Offer Letter, Shareholders may choose to accept the Exit Offer from the date of dispatch of the Exit Offer Letter before the EGM. However, such acceptances would be conditional on the Delisting Proposal Conditions being satisfied, including the Delisting Resolution being approved at the EGM and receipt of the requisite approval of the SGX-ST for the Delisting. If the Delisting Resolution is not approved at the EGM, and the Delisting Proposal Conditions are not fulfilled, the condition to the Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit offer by any Shareholder.

If the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance by Shareholders for a period of at least 14 days after the date of the announcement of Shareholders' approval of the Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. on 23 January 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror ("**Closing Date**").

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

4. IRREVOCABLE UNDERTAKINGS

4.1 MHY Irrevocable Undertaking

The Offeror has obtained an irrevocable undertaking dated 16 September 2016 from Mr Michael Mun Hong Yew, the Group Chief Executive Officer and Chairman of the Company, and also the sole shareholder and sole director of the Offeror, that he shall:

- (a) vote in favour of the Delisting Resolution;
- (b) accept the Exit Offer in respect of all Shares held by him;
- (c) waive receipt of payment of the consideration by the Offeror in respect of the MHY Shares tendered in acceptance of the Exit Offer, notwithstanding the provisions of the Code in relation to the time period in which payment should be made ("**Relevant Amount**"); and

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- (d) not transfer, sell or otherwise dispose of any of the MHY Shares during the period of the MHY Irrevocable Undertaking.

Please refer to Section 5.2 of this Circular for more information on Mr Michael Mun Yew Hong's interest in the Shares.

4.2 Relevant Irrevocable Undertakings

The Offeror has also obtained irrevocable undertakings dated 16 September 2016 from each of Mr Jeremy Mun Weng Hung, the Executive Director and Senior Vice President of the Company, Mr Mun Weng Kai, Mr Mun Weng Hoe and AVS Technologies Pte Ltd, to, *inter alia*:

- (a) vote in favour of the Delisting Resolution;
- (b) accept the Exit Offer in respect of all Shares held by each of them; and
- (c) not transfer, sell or otherwise dispose of any of their Shares during the period of their respective Relevant Irrevocable Undertakings.

Please refer to Section 5.2 of this Circular for more information on the above-mentioned persons' interest in the Shares.

4.3 Duration of Irrevocable Undertakings

Each of the Irrevocable Undertakings will continue to be binding until its expiry where the Delisting Proposal Conditions are not satisfied or the Exit Offer (including any revised or improved Exit Offer by or on behalf of the Offeror) is withdrawn, lapses or closes.

4.4 No other Irrevocable Undertakings

As stated in Section 3 of the Exit Offer Letter, based on the latest information available to the Offeror as at the Latest Practicable Date, save as disclosed in Sections 4.1 and 4.2 of this Circular, none of the Offeror or its concert parties has received any irrevocable undertaking from any party to vote for or against the Delisting Resolution and/or to accept or reject the Exit Offer.

5. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

5.1 The Offeror

The Offeror is a special purpose vehicle incorporated in Singapore for the purposes of the Delisting and the Exit Offer. Its principal activity is that of investment holding. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1 comprising one ordinary share. Mr Michael Mun Hong Yew is the sole shareholder and the sole director of the Offeror.

Please refer to Section 5.1 and Appendix II of the Exit Offer Letter for additional information on the Offeror.

5.2 Parties acting in concert with the Offeror

As at the Latest Practicable Date, the following individuals and company are deemed to be acting in concert with the Offeror ("**Concert Parties**"):

- (a) Mr Michael Mun Hong Yew, being the sole director and sole shareholder of the Offeror;
- (b) Mr Jeremy Mun Weng Hung who is the son of Mr Michael Mun Hong Yew;
- (c) Mr Mun Weng Kai who is the son of Mr Michael Mun Hong Yew;
- (d) Mr Mun Weng Hoe who is the son of Mr Michael Mun Hong Yew;

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- (e) Mr Mun Hon Pheng who is the brother of Mr Michael Mun Hong Yew; and
- (f) AVS Technologies Pte Ltd which is effectively controlled by Mr Michael Mun Hong Yew.

As at the Latest Practicable Date, the Offeror does not hold any Shares, and the shareholdings of the Concert Parties in the Company are as follows:

Name of Shareholder	Number of Shares held	Shareholding Percentage (%) ⁽¹⁾
Michael Mun Hong Yew	11,636,566	23.939
Jeremy Mun Weng Hung	104,400	0.215
Mun Weng Kai	6,000	0.012
Mun Weng Hoe	3,000	0.006
Mun Hon Pheng	350,300	0.721
AVS Technologies Pte Ltd	2,389,800	4.916
Total	14,490,066	29.809

Note:

(1) Calculated based on 48,609,243 issued Shares (excluding treasury Shares) as at the Latest Practicable Date.

Please refer to Sections 5.2 and 11 of the Exit Offer Letter for further details on the shareholding and interests and dealings disclosures of the Offeror and its Concert Parties.

6. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 6 August 1986 and is listed on the Official List of the SGX-ST. The Group is principally engaged in the businesses of electronics and LED lighting manufacturing, contract manufacturing, material supply and marine logistics, and food and beverage retail and supplies.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company consists of 51,009,343 Shares (including 2,400,100 Shares held in treasury). As at the Latest Practicable Date, the Company has not issued any instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

Additional information on the Company and the Group is set out in **Appendix II** to this Circular.

7. RATIONALE FOR DELISTING AND THE OFFEROR'S INTENTIONS

The rationale for the Delisting and the Offeror's intentions for the Group have been extracted from Sections 7 and 8 of the Exit Offer Letter and reproduced below:

“7.1 Opportunity to realise investments with an upfront premium

Through this Delisting Proposal and Exit Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the VWAP in respect of their respective periods below, without incurring any brokerage and other trading costs, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

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The following table benchmarks the Exit Offer Price against the market prices of the Shares on the SGX-ST:

Description ⁽²⁾	Share Price (\$)	Premium / (Discount) over / (to) Share Price ⁽¹⁾
Last transacted price per Share on 16 September 2016, being the last full day of trading in the Shares on the SGX-ST prior to the Joint Announcement Date (" Last Trading Day ")	0.325	29.2%
VWAP for the one (1)-month period prior to and including the Last Trading Day	0.304	38.3%
VWAP for the three (3)-month period prior to and including the Last Trading Day	0.347	21.0%
VWAP for the six (6)-month period prior to and including the Last Trading Day	0.380	10.5%
VWAP for the twelve (12)-month period prior to and including the Last Trading Day	0.484	(13.2)%

Source: Bloomberg L.P.

Notes:

- (1) Computed based on the Share prices which were rounded to the nearest three (3) decimal places.
- (2) The VWAP is calculated based on the total daily value divided by the total daily volume for the respective periods.

7.2 Low trading liquidity of the Shares

The trading liquidity of the Shares on the SGX-ST in the past year has been generally thin. The average daily trading volume of the Shares for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods prior to and including the Last Trading Day are as follows:

Period prior to and including the Last Trading Day	Average Daily Trading Volume ⁽¹⁾	Approximate percentage of total number of Shares ⁽²⁾
1-month	12,350	0.03%
3-month	11,720	0.02%
6-month	10,493	0.02%
12-month	12,517	0.03%

Source: Bloomberg L.P.

Notes:

- (1) The average daily trading volume is computed based on the total trading volume of the Shares (excluding off-market transactions) for all Market Days for the relevant periods immediately prior to and including the Last Trading Day, divided by the total number of traded Market Days during the respective periods.
- (2) Based on 48,609,243 Shares, being the total number of issued Shares (excluding treasury Shares).

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7.3 Greater management flexibility

The Offeror believes that the Delisting would provide the management of the Company with greater flexibility to manage and develop the existing businesses of the Group while exploring opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

7.4 Compliance costs of maintaining listing

The Company incurs additional compliance and associated costs in maintaining the Company's listing status. As a non-listed entity, the Group will be able to (a) achieve cost-savings by dispensing with costs associated with complying with SGX-ST listing requirements and other regulatory requirements as well as human resources that have to be committed for such compliance; and (b) focus its resources on its business operations.

7.5 No present need for access to Singapore capital markets

The Company has not carried out any exercise to raise cash funding on the SGX-ST in the past five (5) years and it is unlikely that the Company will require access to the Singapore capital markets to finance its operations in the foreseeable future. Accordingly, it is not necessary for the Company to maintain a listing on the SGX-ST.

8. THE OFFEROR'S INTENTIONS

The Offeror has no current intention of (a) making material changes to the Company's existing business; (b) re-deploying of the Company's fixed assets; or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company."

8. FINANCIAL ASPECTS OF THE EXIT OFFER

8.1 Closing prices of the Shares

The table below sets out the (a) closing prices of the Shares on the SGX-ST on the last trading day (on which there were trades in respect of the Shares) on a monthly basis from March 2016 to August 2016 (being six calendar months prior to the Joint Announcement Date) and the aggregate trading volume of the Shares for the respective months; (b) closing price and aggregate trading volume of the Shares on 16 September 2016, being the Last Trading Day; and (c) closing price and aggregate trading volume of the Shares on the Latest Practicable Date.

Month	Last closing price (S\$)	Total trading volume
March 2016	0.410	229,900
April 2016	0.455	205,000
May 2016	0.410	49,300
June 2016	0.450	56,000
July 2016	0.380	154,700
August 2016	0.320	197,800
16 September 2016, being the Last Trading Day	0.325	66,700
12 December 2016, being the Latest Practicable Date	0.415	25,000

Source: Bloomberg L.P.

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8.2 Highest and lowest prices of the Shares

The highest and lowest closing prices of the Shares on the SGX-ST during the period commencing six calendar months prior to the Joint Announcement Date and ending on the Latest Practicable Date (being 20 March 2016 to 12 December 2016 (both dates inclusive)) are set out below.

	<i>Price (S\$)</i>	<i>Date(s) transacted</i>
<i>Highest closing price</i>	<i>0.465</i>	<i>26 April 2016 and 27 April 2016</i>
<i>Lowest closing price</i>	<i>0.255</i>	<i>2 September 2016</i>

Source: Bloomberg L.P.

8.3 Revalued NAV

In connection with the Exit Offer, the Group has commissioned the Independent Valuer, AVA Associates Limited, to review the value of selected balance sheet items and valuation of selected properties of the Group (“**Revalued Assets**”) to calculate the RNAV of the Group as at 30 June 2016. Thomas Chua (MBA), a director of the Independent Valuer, provided the review services, while Perry Teo, a resident consultant of the Independent Valuer and a Licensed Appraiser in Singapore (No. AD041-2009516J), provided the property valuation service.

AVA Associates Limited, based in Hong Kong and Singapore, has been providing independent valuation services to clients in Asia since 2008. It provides transaction-based advisory services, primarily focusing on independent valuation services to assist its clients to comply with internal and external requirements, including those for public disclosure. Their valuation expertise covers all classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.

The Revalued Assets were selected after discussions between the Independent Valuer and the Company in relation to the materiality of the balance sheet items to the overall transaction, meaning, the Delisting and the Exit Offer. The remaining balance sheet items not included as Revalued Assets make up about 1.1% of the Company’s total assets, and relate to intangible assets. These items have been covered in the unaudited consolidated financial statements of the Group for the half year ended 30 June 2016. The Directors are satisfied with the selection of the Revalued Assets in respect of the Valuation Report.

The Valuation Report is set out in **Appendix IV** to this Circular. Based on the Valuation Report, the value for the Revalued Assets is approximately S\$46,262,000 as at 30 June 2016. “Fair Value” has been defined in the Valuation Report as “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The Independent Valuer has confirmed that the RNAV of the Revalued Items would not be materially different if the valuation was conducted on the Latest Practicable Date.

Having regard to (a) the Independent Valuer’s assessment of the fair value of the RNAV; and (b) the Group not having immediate plans for a material disposal of its assets, no potential tax liability (arising from an asset sale at the amount of the valuation) would be crystallized in respect of the Group’s assets.

9. IMPLICATIONS OF COMPULSORY ACQUISITION AND DELISTING FOR SHAREHOLDERS

9.1 Implications of Delisting for Shareholders

Shareholders should note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual and all the Delisting Proposal Conditions are satisfied, the Company will be delisted. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

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Shareholders should note that shares of unlisted companies are generally valued at discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies, or as compared with the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six months of the close of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Company's Constitution.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with the CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Company's Share Registrar, B.A.C.S. Private Limited, will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.

Shareholders who are in doubt of their position should seek independent legal advice.

9.2 Compulsory Acquisition of Shares by the Offeror

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the total issued Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury Shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**") at a price equal to the Exit Offer Price.

As stated in the Exit Offer Letter, the Offeror intends to make the Company its wholly-owned subsidiary. **Accordingly, if entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.**

In addition, Shareholders who have not accepted the Exit Offer have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and/or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and/or their respective nominees, comprise 90% or more of the total issued Shares (excluding treasury Shares).

In the event that the Delisting is approved by Shareholders at the EGM but neither the Offeror nor the Dissenting Shareholders are entitled to exercise their rights under Sections 215(1) and 215(3) of the Companies Act, respectively, the Company will be delisted, and the Shareholders who do not accept that Exit Offer will be left holding Shares in an unlisted company.

Shareholders should also note that the Delisting Proposal and Exit Offer will be conditional on the receipt of requisite approval of the SGX-ST for the Delisting and the Minimum Acceptance Condition, being the receipt by the Offeror, by the close of the Exit Offer, of valid acceptances in respect of such number of Offer Shares which will result in the Offeror holding more than 50% of the Shares (excluding any Shares held by the Company as treasury Shares) as at the close of the Exit Offer.

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Shareholders who are in doubt of their position under Sections 215(1) and 215(3) of the Companies Act are advised to seek their own independent legal advice.

10. CONFIRMATION OF FINANCIAL RESOURCES

MKES, the financial adviser to the Offeror in respect of the Exit Offer, has confirmed that the Offeror has sufficient financial resources to satisfy full acceptance of the Exit Offer for the Offer Shares at the Exit Offer Price (excluding the MHY Shares in view of the MHY Irrevocable Undertaking).

11. NO COMPETING OFFER RECEIVED

As at the Latest Practicable Date, no competing offer has been received by the Company.

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The table below sets out the Directors' and Substantial Shareholders' interests in the Company as at the Latest Practicable Date, based on the information in the Register of Directors' Shareholdings and the Register of Substantial Shareholders, respectively.

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾
Directors						
Michael Mun Hong Yew ⁽²⁾	11,636,566	23.94	2,389,800	4.92	14,026,366	28.86
Jeremy Mun Weng Hung	104,400	0.21	–	–	104,400	0.21
Philip Tan Tee Yong	60,000	0.12	–	–	60,000	0.12
Khoo Ho Tong	80,600	0.17	–	–	80,600	0.17
Tan Teik Seng	8,410	0.02	–	–	8,410	0.02
Substantial Shareholders (excluding Directors)						
–	–	–	–	–	–	–

Notes:

(1) Calculated based on 48,609,243 issued Shares (excluding treasury Shares) as at the Latest Practicable Date.

(2) Mr Michael Mun Hong Yew is deemed interested in Shares held by AVS Technologies Pte Ltd.

Save as disclosed in Section 5.2 of this Circular, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Delisting or the Exit Offer.

13. ADVICE OF IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE EXIT OFFER

13.1 IFA

The IFA, Stirling Coleman Capital Limited, has been appointed as independent financial adviser to the Independent Directors in relation to the Exit Offer. The IFA Letter setting out the IFA's advice to the Independent Directors is set out in **Appendix I** to this Circular. Shareholders are advised to read and consider the IFA Letter in its entirety.

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13.2 IFA's Advice

Information relating to the advice of the IFA to the Independent Directors in relation to the Exit Offer and the key factors it has taken into consideration have been extracted from Sections 9 and 10 of the IFA Letter (and reproduced below), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated:

"9. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the Exit Offer, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment including, inter alia, the following:

(a) *Rationale for the Delisting Proposal*

We have considered the rationale for the Delisting Proposal and they appear to be based on sound commercial grounds.

(b) *Financial performance and position of the Group*

Declining financial performance and net losses incurred for FY2015 and 1H2016

The Group recorded net losses of S\$20.0 million in FY2015 and S\$11.6 million in 1H2016, due to global uncertainty in the macro economy that resulted in the Group recording substantial impairment losses for its vessels, marine equipment and intangible assets and increase its provisions for inventory obsolescence, doubtful debts and others.

(c) *General economic conditions and outlook of the industry*

We noted in the interim financial results announcement for 1H2016, the Company had expressed that:

"The world economy is still in sluggish state. Coupled with the volatile currency and uncertain market, we anticipate that the economy to be slow in the recovery process and that it is unlikely for the markets relevant to the Group to have any significant improvement in the near future. The management will continue to review the processes to improve efficiencies and exercise prudence over cost control."

(d) *Historical Share price performance and trading liquidity*

Share price trending downwards after the Share Consolidation and capital reduction exercise

Since the Share Consolidation and capital reduction exercise in May 2015, the Share price had been on a downward trend. We noted that the downward trend in the Share price corresponded to the decline in the financial performance of the Group, registering losses for four consecutive quarters, beginning from the 3rd quarter of 2015. The Group's losses were mainly due to losses incurred in the Group's Materials and Marine Logistics segment as a result of protracted weakness in the global marine industry as well as a sharp decline in the results of the Group's Electronics segment mainly due to increased provisions for inventory obsolescence.

From July 2016 to the Latest Practicable Date, the Share price had been trading below the Exit Offer Price.

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Exit Offer Price comparison to historical Share price

The Exit Offer Price is at approximately 38.6%, 21.0% and 10.5% premium to the VWAP for the Shares for the period 1-month, 3-months and 6-months prior to the Joint Announcement Date respectively, but at a discount of 13.2% to the VWAP for the Shares for the period 12-months prior to the Joint Announcement Date. The Exit Offer Price is at a premium of 29.2% from the last transacted price of S\$0.325 per Share on the last full day of trading prior to the Joint Announcement Date.

Low trading volume for the Shares

We noted that the average daily trading volume of the Shares of 0.02% of its free float for 12-months, 6-months and 3-months were only higher than two of the top 10 constituents of FTSE ST Fledging Index prior to the Joint Announcement Date, it was approximately 1/10th of the simple average daily trading volume of 0.30% for the top 10 constituents in the FTSE ST Fledging Index as at 30 November 2016 for the 12-months and much lesser for the 6-months and 3-months periods.

We noted that the trading volume of the Shares on the SGX-ST had generally been low in the past 12 months prior to the Joint Announcement Date and ending on the Latest Practicable Date and the Exit Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity.

(e) **The Group's NAV/RNAV and NTA/RNTA**

Exit Offer Price to NAV and RNAV

The Group's P/NAV and P/RNAV were approximately 0.40x and 0.44x respectively. The Group's P/NTA and P/RNTA were 0.42x and 0.44x respectively.

Historical Share price had consistently been trading at a discount to NAV per Share

We noted that the Share Price had consistently traded at a discount of between 28.5% and 75.6% to the trailing NAV per Share over the 24-month period up to the Joint Announcement Date. In particular, we noted that since 31 December 2015, the average quarterly discounts of the Share Price to NAV per Share were between 64.5% and 66.7%, which were higher (less favourable) than the discount of 59.7% for the Exit Offer Price to NAV per Share as at 30 June 2016.

Comparison of the Exit Offer Price to RNAV per Share against Comparable Companies

The Group's P/RNAV of 0.4x was below the range of the Comparable Companies in the Electronics segment.

The Group's P/RNAV of 0.4x was within the range and higher than the median and simple average of the Comparable Companies in the Marine Logistics segment.

Comparison of the Exit Offer Price to RNAV per Share against precedent privatisation transactions

The Group's Exit Offer Price to RNAV multiple of 0.4x based on the Group's unaudited NAV as at 30 June 2016 was below the range of the precedent voluntary general offers and voluntary delistings.

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Nonetheless, we wish to highlight that the circumstances for each of the transactions is unique and as the companies of transactions involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited.

Comparison of the discount of the Exit Offer Price to RNAV against share price to NAV of Conglomerate Companies

We note that the discount of the Exit Offer Price to the RNAV of the Group as at 30 June 2016 is slightly lower than the median and slightly higher than the simple average of the discount of the share price to NAV of the Conglomerate Companies.

Book value or revalued book value may not be fully realisable and may deteriorate further

Shareholders should note that the NAV/NTA may not be fully realisable at its book value or revalued value, especially within a short time frame, given that the assets held by the Group is very specialised and the market value of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such specialised assets. Also, the NAV/NTA of the Group may deteriorate further if the Group continues to incur losses after 30 June 2016.

(f) Relative valuation analysis

The Group's performance ratio were less favorable compared to the Comparable Companies

The Group's T12 ROE and T12 net profit/loss margin was negative as the Group incurred unaudited losses of S\$33.8 million and negative EBITDA of S\$20.2 million respectively for the trailing 12-month period ended 30 June 2016 and was below the range (less favourable) of the Comparable Companies in the Electronics segment.

The Group's T12 ROE was below the range (less favourable) but the T12 net profit/loss margin was within the range and above the median (more favourable) of the Comparable Companies in the Marine Logistics segment. We also noted that the majority of the Comparable Companies in the Marine Logistics segment were loss-making.

Higher leverage ratios against the Comparable Companies

The Group's total liabilities to shareholder equity ratio of 2.0x was above the range (less favourable) of the Comparable Companies in the Electronics segment and was within the range and higher than the median (less favourable) of the Comparable Companies in the Marine Logistics segment.

The Group's total borrowings to shareholder equity ratio of 0.6x was at the high end of the range (less favourable) of the Comparable Companies in the Electronics segment and within the range and below the median (more favourable) of the Comparable Companies in the Marine Logistics segment.

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(g) Precedent privatisation transactions

Comparison of Exit Offer Price against precedent privatisation transactions

- (i) The premium of 29.2% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Joint Announcement Date is within the comparable range, higher (more favourable) than the median but slightly lower (less favourable) than the simple average of the precedent voluntary general offers;**
- (ii) the premium of 38.6% for the Group as implied by the Exit Offer Price over 1-month VWAP for the Shares prior to the Joint Announcement Date is within the comparable range, higher (more favourable) than the median and the simple average of the precedent voluntary general offers;**
- (iii) the premium of 29.2% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Joint Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings; and**
- (iv) the premium of 38.6% for the Group as implied by the Exit Offer Price over 1-month VWAP for the Shares prior to the Joint Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings.**

We wish to highlight that the circumstances for each of the transactions is unique and as the companies of transactions involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Exit Offer and the precedent privatisation transactions serves as an illustrative guide only.

(h) Dividend track record of the Company

For FY2013, the Company paid a first and final dividend of 0.75 cents per share, amounting to S\$3,646,000. For FY2014, the Company paid an interim dividend of 0.25 cents per share, amounting to S\$1,215,000 and a final dividend of 5 cents per share (following the 1 to 10 share consolidation exercise), amounting to S\$2,430,000. No dividend had been declared for FY2015 and 1HFY2016 respectively.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

(i) Other relevant considerations

No revision in Exit Offer Price

Pursuant to Section 3.1 of the Circular, we note that the Offeror has stated it does not intend to revise the Exit Offer Price.

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No Competing Offer Received

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no competing offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

10. RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and carefully considered the analysis set out in this letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

Shareholders should note that the Exit Offer is conditional upon the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM, the Minimum Acceptance Condition and the requisite approval of the SGX-ST for the Delisting having been received). If any of the conditions to the Exit Offer is not satisfied, the Exit Offer will lapse, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST.

Accordingly, we advise the Independent Directors to recommend that Shareholders should vote in favour of the Delisting Resolution. In the event that the Delisting Resolution is passed, the Independent Directors should recommend that Shareholders to either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer.”

14. INDEPENDENT DIRECTORS' RECOMMENDATIONS

The Independent Directors are independent for purposes of the Exit Offer and are required to make a recommendation to Shareholders in respect of the Exit Offer. The SIC has ruled on 25 August 2016, *inter alia*, that the Relevant Directors, being Mr Michael Mun Hong Yew and Mr Jeremy Mun Weng Hung, being concert parties of the Offeror, are exempted from the requirement under the Code to make a recommendation to Shareholders on the Exit Offer and the Delisting. The Relevant Directors, however, must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer and the Delisting.

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of the IFA contained in the letter from the IFA to the Independent Directors as reproduced in **Appendix I** to this Circular in its entirety. The Independent Directors would also like to draw the attention of the Shareholders to Section 9 of this Circular entitled “*Implications of Compulsory Acquisition and Delisting for Shareholders*”.

The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in its letter set out in Appendix I to this Circular. In particular, the Independent Directors have taken into account:

- (a) the historically low trading volume of the Shares, for which the Exit Offer represents a viable exit option for Shareholders wishing to realise their investments;**

LETTER TO SHAREHOLDERS

- (b) the substantial premium of the Exit Offer Price to the last transacted price on the Last Trading Day, and for the 1-month, 3-months and 6-months periods prior to the Joint Announcement Date;
- (c) the share price of the Company having historically and consistently traded below its NAV per Share;
- (d) the challenging macroeconomic circumstances surrounding the global economy, which have adversely affected investors' sentiments and generally depressed stock prices; and
- (e) no enquiry nor interest indicating any potential competing proposal having been received by the Company from any third party since the Joint Announcement Date.

Having regard to the aforesaid, and after prudent deliberation, the Independent Directors concur with the advice of the IFA in respect of the Exit Offer. Accordingly, the Independent Directors recommend that Shareholders should VOTE IN FAVOUR of the Delisting Resolution.

In relation to the Exit Offer and in the event that Delisting Resolution is passed, the Independent Directors recommend that Shareholders who are not prepared to accept the implications and consequences of holding shares in an unlisted company or the uncertainties relating to the future prospects of the Group (taking into consideration the Offeror's stated intentions) should either (a) ACCEPT the Exit Offer; or (b) SELL their Shares in the open market if they are able to obtain a price higher than the Exit Offer Price net of related expenses (such as brokerage and trading costs).

In rendering the above opinion and giving the above recommendations, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that an individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Directors advise that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

15. OVERSEAS SHAREHOLDERS

This Circular does not constitute an offer to sell or the solicitation of an offer to subscribe for 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 Circular in any jurisdiction in contravention of applicable law and regulation. The Exit Offer will be made solely by the Exit Offer Letter and the relevant acceptance forms accompanying the Exit Offer Letter, which contain the full terms and conditions of the Exit Offer, including details of how the Exit Offer may be accepted.

The ability of Shareholders who are not resident in Singapore to accept the Exit Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements. Overseas Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions. Please refer to Section 13 of the Exit Offer Letter for the points to be noted by Overseas Shareholders in relation to the Exit Offer.

LETTER TO SHAREHOLDERS

16. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 124 and 125 of this Circular, will be held at 12th floor Conference Room, Aqueen Hotel Paya Lebar, 33 Jalan Afifi, Singapore 409180 on 6 January 2017 at 2.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modification, the Delisting Resolution set out in the Notice of EGM.

17. ACTION TO BE TAKEN BY SHAREHOLDERS

17.1 Proxy Form

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the office of the Company's registered office at 31 Ubi Road 1, #09-01, Singapore 408694, not later than 48 hours before the time fixed for the EGM. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat. A Depositor who wishes to attend and vote at the EGM and whose name appears on the Depository Register maintained by the CDP not less than 72 hours before the EGM, may attend as CDP's proxy.

17.2 Exit Offer Letter and Acceptance Forms

The Exit Offer Letter and the relevant Acceptance Forms have been despatched together with this Circular. Depositors whose Securities Accounts are credited with the Offer Shares can also collect the FAA during normal business hours within the Exit Offer Period from CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Shareholders who hold Offer Shares represented by share certificate(s) can collect the FAT during normal business hours within the Exit Offer Period from the office of B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building Singapore 048544. Electronic copies of this Circular and the Exit Offer Letter are also available on SGXNET. Shareholders should note that if the Delisting Resolution is not approved at the EGM, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

17.3 Accepting the Exit Offer

Subject to the Delisting Resolution being approved at the EGM, to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form. Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in Appendix I to the Exit Offer Letter.

17.4 Not Accepting the Exit Offer

If you decide not to accept the Exit Offer, you do not need to take any action. In the event that the Delisting Resolution is approved by Shareholders and the Company is delisted from the Official List of the SGX-ST, you will continue to hold unquoted Shares in the Company as an unlisted company. If you hold Shares that are deposited with CDP, share certificates in respect of your Shares that are deposited with CDP will be sent, by ordinary mail and at your own risk, to your mailing address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.

17.5 Information pertaining to CPFIS Investors

Information on the Exit Offer pertaining to CPFIS Investors is set out in Section 14 of the Exit Offer Letter.

LETTER TO SHAREHOLDERS

18. RESPONSIBILITY STATEMENT

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

19. CONSENTS

The IFA, Stirling Coleman Capital Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter and all references to them and its name in the form and context in which they appear in this Circular.

The Independent Valuer, AVA Associates Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Report and all references to them and its name in the form and context in which they appear in this Circular.

The Company's Share Registrar, B.A.C.S. Private Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which they appear in this Circular.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office at 31 Ubi Road 1, #09-01, Singapore 408694 during normal business hours, from the date of this Circular until the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2013, FY2014 and FY2015;
- (c) the unaudited consolidated income statement of the Group for HY2016 dated 29 July 2016;
- (d) the Joint Announcement;
- (e) the Delisting Proposal;
- (f) the Exit Offer Letter;
- (g) the IFA Letter; and
- (h) the letters of consent referred to in Section 19 of this Circular.

21. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices which form part of this Circular.

Yours faithfully,
For and on behalf of the Board of Directors
AZTECH GROUP LTD.
Michael Mun Hong Yew
Group CEO and Chairman

APPENDIX I – IFA LETTER

LETTER FROM IFA TO THE INDEPENDENT DIRECTORS OF
AZTECH GROUP LTD.

STIRLING COLEMAN CAPITAL LIMITED

(Company registration no.200105040N)
4 Shenton Way #07-03
SGX Centre 2
Singapore 068807

22 December 2016

To: The Independent Directors of Aztech Group Ltd.
(Deemed to be independent in respect of the Exit Offer), namely
Philip Tan Tee Yong,
Khoo Ho Tong, and
Tan Teik Seng

Dear Sir

PROPOSED VOLUNTARY DELISTING (AS DEFINED HEREIN) OF AZTECH GROUP LTD. (“COMPANY”) FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (SGX-ST) AND EXIT OFFER (AS DEFINED HEREIN) BY AVS INVESTMENTS PTE. LTD. (“OFFEROR”) PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL (“DELISTING PROPOSAL”)

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 22 December 2016 to the Shareholders (as define herein) of Aztech Group Ltd. (the “Circular”).

1. INTRODUCTION

On 20 September 2016 (“**Joint Announcement Date**”), the Company and the Offeror jointly announced that the Offeror had presented the Delisting Proposal to the Company to seek the voluntary delisting of the Company from the official list of the SGX-ST pursuant to Rules 1307 and 1309 of the SGX-ST listing manual (“**Listing Manual**”).

Under the terms of the Delisting Proposal, Maybank Kim Eng Securities Pte. Ltd. (“**MKES**”), for and on behalf of the Offeror, will make the Exit Offer in cash, to acquire all the ordinary shares in the capital of the Company (“**Share(s)**”), other than those Shares held in treasury and those Shares already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Shares**”).

The directors of the Company (including the Independent Directors) (“**Directors**”, or “**Board**”), having considered the Delisting Proposal, have resolved to make an application to the SGX-ST for approval of the Delisting, and to convene the extraordinary general meeting (“**EGM**”) to seek the approval of the Shareholders in respect of the resolution for the Delisting (“**Delisting Resolution**”).

This letter (“**Letter**”) sets out, *inter alia*, our views and evaluation of the Exit Offer and our opinion thereon. It will form part of the Circular providing, *inter alia*, our recommendation to the Independent Directors in respect of the Exit Offer.

2. TERMS OF REFERENCE

Stirling Coleman has been appointed as the IFA to advise the Independent Directors in respect of the Exit Offer. Our opinion, by way of this Letter will be limited to the Exit Offer, as of the date of this opinion.

APPENDIX I – IFA LETTER

We were not involved in any aspect of the negotiations in relation to the Exit Offer (as defined in the Circular), nor were we involved in the deliberations leading up to the decision by the Board of Directors to enter into the Exit Offer. Our terms of reference do not require us to evaluate or comment on the legal and commercial risks and/or merits of the Exit Offer or the future prospects of the Company other than to form an opinion on whether the Exit Offer is fair and reasonable to all Shareholders of Company, other than the Undertaking Shareholders (as defined in section 5.2 of this Letter) (“**Independent Shareholders**”). Such evaluation or comment, if any, remains the responsibility of the Board of Directors and the management of the Company (“**Management**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares or the assets of the Company. It is not within our terms of reference to compare the relative merits of the Exit Offer vis-à-vis any alternative transactions previously considered by the Board of Directors or transactions that the Board of Directors may consider in the future, and such comparison and consideration shall remain as the responsibility of the Board of Directors. The Directors have confirmed that, as at the latest practicable date being 12 December 2016 (“**Latest Practicable Date**”), apart from the Exit Offer being made by the Offeror, no alternative offer or proposal received from any third party.

In arriving at our opinion, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. Our terms of reference do not require us to express and we do not express any view on the future growth prospects, financial position and earnings potential of the Group after the completion of the Exit Offer. We therefore do not make any projection as to the future financial performance of the Group after the completion or expiry of the Exit Offer.

We have also relied upon the responsibility statement that the Circular has been reviewed and approved by the Directors (including those who may have delegated detailed supervision of the Circular) who have taken all reasonable care and have made all reasonable enquiries to ensure that, to the best of their knowledge and after due and careful consideration, the facts stated and the opinions expressed herein (other than those relating to the Offeror and those set out in the Letter) are fair and accurate and that no material facts have been omitted from this Circular which would make any statement in this Circular misleading, and they jointly and severally accept full responsibility accordingly.

Where any information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror or the parties acting in concert with it, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources or, as the case may be, and/or reproduced in the Circular in its proper form and context.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise you to recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular. We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter). A copy of this Letter will be reproduced in the Circular.

Our recommendation in respect of the Exit Offer, as set out in APPENDIX I of the Circular, should be considered in the context of the entirety of this Letter, the Circular and the Exit Offer Letter.

APPENDIX I – IFA LETTER

3. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. The Delisting Proposal and the Exit Offer are conditional upon, *inter alia*, (a) the SGX-ST agreeing to the application by the Company to delist from the official list of the SGX-ST; (b) the Delisting Resolution being passed at the EGM; and (c) the ruling given by the Securities Industry Council of Singapore (“SIC”) waiving the requirement for compliance of the Exit Offer with certain provisions of the Singapore Code on Take-overs and Mergers (“Code”). Please refer to **Section 3.2** of the Circular for further details on the conditions of the Delisting Proposal.

Subject to the satisfaction of the Delisting Proposal Conditions (as defined in section 4.2 of this Letter), the Company will be delisted from the official list of the SGX-ST after the close of the Exit Offer.

3.1 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the official list of the SGX-ST if:

- (a) the Company convenes an EGM to obtain Shareholders’ approval of the Delisting Resolution;
- (b) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (Directors and Controlling Shareholders are not required to abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution is not voted against by 10% or more of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the official list of the SGX-ST:

- (i) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and
- (ii) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

3.2 Application to the Securities Industry Council

As stated in the Exit Offer Letter, an application was made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Code apply to the Exit Offer. Please refer to Section 10 of the Exit Offer Letter for the rulings of the SIC.

3.3 Application to the SGX-ST

An application was made by the Company to the SGX-ST to delist the Company from the official list of the SGX-ST, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual.

4. THE EXIT OFFER

As stated in the Exit Offer Letter, for and on behalf of the Offeror, MKES will make the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Form(s).

4.1 Terms of the Exit Offer

As stated in the Exit Offer Letter, the Offeror will make the Exit Offer for the Offer Shares on the basis set out below.

APPENDIX I – IFA LETTER

The offer price for each Offer Share will be **S\$0.42** in cash (“**Exit Offer Price**”).

The Offeror does not intend to revise the Exit Offer Price.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer. Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. Each Shareholder who accepts the Exit Offer will receive S\$42.00 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

The Offer Shares will be acquired fully paid and free from all liens, equities, mortgages, debentures, pledges, title retention, security interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”), and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (any dividends, rights and other distributions declared, paid or made by the Company in respect of the Shares, “**Distributions**”), if any, the record date (being the date on which Shareholders must be registered with the Company or Central Depository Pte Limited (CDP), as the case may be, in order to participate in such Distribution, “**Record Date**”), for which falls on or after the Joint Announcement Date.

Without prejudice to the generality of the foregoing, if any Distribution is made, the Record Date for which falls on or after the Joint Announcement Date, then the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer 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 the Shareholders pursuant to the Exit Offer (“**Exit Offer Settlement Date**”) falls:

- (a) if the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholder the unadjusted Exit Offer Price of S\$0.42 in cash for each Offer Share, as the Offeror will receive the Distribution of such Offer Share from the Company; and
- (b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered will be reduced by an amount which is equal to the Distribution in respect of such Offer Share, as the Offeror will not receive such Distribution from the Company.

The Exit Offer is extended, on the same terms and conditions, to all the Offer Shares.

4.2 Conditions

As stated in the Exit Offer Letter, the Delisting Proposal and Exit Offer will be conditional on:

- (a) receipt of the requisite approval of the SGX-ST for the Delisting;
- (b) the Delisting Resolution being approved by at least 75% of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for Shareholders to vote on the Delisting Resolution (the Directors and Controlling Shareholders need not abstain from voting on the Delisting Resolution), and the Delisting Resolution not being voted against by 10% or more of the total number of issued Shares (excluding treasury Shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (collectively, “**Delisting Resolution Approval Condition**”);
- (c) the receipt by the Offeror, by the close of the Exit Offer, valid acceptances in respect of such number of Offer Shares which will result in the Offeror holding more than 50% of the Shares (excluding any Shares held by the Company as treasury shares) as at the close of the Exit Offer (“**Minimum Acceptance Condition**”);

APPENDIX I – IFA LETTER

- (d) the ruling given by the SIC waiving the requirement for compliance of the Exit Offer with certain provisions of the Code, and such waiver not being revoked, rescinded or cancelled prior to the close of the Exit Offer; and
- (e) the approval of such other relevant authority as may be required.

(collectively, “**Delisting Proposal Conditions**”).

If the Delisting Proposal Conditions are not fulfilled, the Exit Offer will lapse and the Company will remain listed on the SGX-ST.

4.3 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. However, such acceptances would be conditional upon the Delisting Proposal Conditions being satisfied. If the Delisting Proposal Conditions are not satisfied, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

The Exit Offer will be conditional upon the Minimum Acceptance Condition and the Delisting Resolution Approval Condition being satisfied, and receipt of the requisite approval of the SGX-ST for the Delisting.

As stated above, Shareholders are to note that if the Delisting Proposal Conditions are not fulfilled, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

4.4 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him, as or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other Distributions, if any, which may be declared, paid or made by the Company on or after the Joint Announcement Date).

4.5 Duration

As stated in the Exit Offer Letter, Shareholders may choose to accept the Exit Offer from the date of dispatch of the Exit Offer Letter before the EGM. However, such acceptances would be conditional on the Delisting Proposal Conditions being satisfied, including the Delisting Resolution being approved at the EGM and receipt of the requisite approval of the SGX-ST for the Delisting. If the Delisting Resolution is not approved at the EGM, and the Delisting Proposal Conditions are not fulfilled, the condition to the Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit offer by any Shareholder.

If the Delisting Resolution is approved by the Shareholders at the EGM, the Exit Offer will remain open for acceptance by Shareholders for a period of at least 14 days after the date of the announcement of Shareholders’ approval of the Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. on 23 January 2017** or such later date(s) as may be announced from time to time by or on behalf of the Offeror (“**Closing Date**”).

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

APPENDIX I – IFA LETTER

5. IRREVOCABLE UNDERTAKINGS

5.1 MHY Irrevocable Undertaking (as defined herein)

The Offeror has obtained an irrevocable undertaking, dated 16 September 2016, from Mr Michael Mun Hong Yew, the Chief Executive Officer and Chairman of the Company, and also the sole shareholder and sole director of the Offeror, that he shall:

- (a) vote in favour of the Delisting Resolution;
- (b) accept the Exit Offer in respect of all Shares held by him;
- (c) waive receipt of payment of the consideration by the Offeror in respect of the Shares held by Mr Michael Mun Hong Yew (“**MHY Shares**”) tendered in acceptance of the Exit Offer, notwithstanding the provisions of the Code in relation to the time period in which payment should be made; and
- (d) not transfer, sell or otherwise dispose of any of the MHY Shares during the period of the MHY Irrevocable Undertaking.

Please refer to **Section 5.2** of the Circular for more information on Mr Michael Mun Yew Hong’s interest in the Shares.

5.2 Relevant Irrevocable Undertakings (as defined herein)

The Offeror has also obtained irrevocable undertakings dated 16 September 2016 from each of Mr Jeremy Mun Weng Hung, the Executive Director and Senior Vice President of the Company, Mr Mun Weng Kai, Mr Mun Weng Hoe and AVS Technologies Pte Ltd (together with Mr Michael Mun Hong Yew, the “**Undertaking Shareholders**”), to, *inter alia*:

- (a) vote in favour of the Delisting Resolution;
- (b) accept the Exit Offer in respect of all Shares held by each of them; and
- (c) not transfer, sell or otherwise dispose of any of their Shares during the period of their respective Relevant Irrevocable Undertakings.

Please refer to **Section 5.2** of the Circular for more information on the above-mentioned persons’ interest in the Shares.

5.3 Duration of Irrevocable Undertakings

Each of the Irrevocable Undertakings will continue to be binding until its expiry where the Delisting Proposal Conditions are not satisfied or the Exit Offer (including any revised or improved Exit Offer by or on behalf of the Offeror) is withdrawn, lapses or closes.

5.4 No other Irrevocable Undertakings

As stated in Section 3 of the Exit Offer Letter, based on the latest information available to the Offeror as at the Latest Practicable Date, save as disclosed in **Sections 4.1 and 4.2** of the Circular, none of the Offeror or its concert parties has received any irrevocable undertaking from any party to vote for or against the Delisting Resolution and/or to accept or reject the Exit Offer.

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6. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES AND THE COMPANY

6.1 The Offeror

The Offeror is a special purpose vehicle incorporated in Singapore for the purposes of the Delisting and the Exit Offer. Its principal activity is that of investment holding. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1 comprising one ordinary share. Mr Michael Mun Hong Yew is the sole shareholder and the sole director of the Offeror.

Please refer to Section 5.1 and **Appendix II** of the Exit Offer Letter for additional information on the Offeror.

6.2 Parties acting in concert with the Offeror

As at the Latest Practicable Date, the following individuals and company are deemed to be acting in concert with the Offeror ("**Concert Parties**"):

- (a) Mr Michael Mun Hong Yew, being the sole director and sole shareholder of the Offeror;
- (b) Mr Jeremy Mun Weng Hung who is the son of Michael Mun Hong Yew;
- (c) Mr Mun Weng Kai who is the son of Michael Mun Hong Yew;
- (d) Mr Mun Weng Hoe who is the son of Michael Mun Hong Yew;
- (e) Mr Mun Hon Pheng who is the brother of Michael Mun Hong Yew; and
- (f) AVS Technologies Pte Ltd which is effectively controlled by Michael Mun Hong Yew.

As at the Latest Practicable Date, the Offeror does not hold any Shares, and the shareholdings of the Concert Parties in the Company are as follows:

Name of Shareholder	Number of Shares held	Shareholding Percentage (%) ⁽¹⁾
Michael Mun Hong Yew	11,636,566	23.939
Jeremy Mun Weng Hung	104,400	0.215
Mun Weng Kai	6,000	0.012
Mun Weng Hoe	3,000	0.006
Mun Hon Pheng	350,300	0.721
AVS Technologies Pte Ltd	2,389,800	4.916
Total	14,490,066	29.809

Note:

- (1) Calculated based on the 48,609,243 (excluding treasury shares) as at the Latest Practicable Date.

Please refer to Section 5.2 and 11 of the Exit Offer Letter for further details on the shareholding and interests and dealings disclosures of the Offeror and its Concert Parties.

6.3 INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 6 August 1986 and is listed on the Mainboard of the SGX-ST. The Group is principally engaged in the businesses of electronics and LED lighting manufacturing, contract manufacturing, material supply and marine logistics, and food and beverage retail and supplies.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company consists of 51,009,343 Shares (including 2,400,100 Shares held in treasury). As at the Latest Practicable Date, the Company has not issued any instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

Additional information on the Company and the Group is set out in **Appendix II** of the Circular.

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7. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS

Rationale for the Delisting and the Offeror's intentions for the Group have been extracted from **Section 7** of the Circular and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"7. RATIONALE FOR DELISTING AND THE OFFEROR'S INTENTIONS

The rationale for the Delisting and the Exit Offer as well as the Offeror's intentions for the Company, as set out in Section 7 and 8 of the Exit Offer Letter, are reproduced below:

7.1 Opportunity to realise investments with an upfront premium

Through this Delisting Proposal and Exit Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the VWAP in respect of their respective periods below, without incurring any brokerage and other trading costs, an option which may not otherwise be readily available due to the low trading liquidity of the Shares.

The following table benchmarks the Exit Offer Price against the market prices of the Shares on the SGX-ST:

Description ⁽²⁾	Share Price (S\$)	Premium / (Discount) over / (to) Share Price ⁽¹⁾
<i>Last transacted price per Share on 16 September 2016, being the last full day of trading in the Shares on the SGX-ST prior to the Joint Announcement Date ("Last Trading Day")</i>	0.325	29.2%
<i>VWAP for the one (1)-month period prior to and including the Last Trading Day</i>	0.304	38.3%
<i>VWAP for the three (3)-month period prior to and including the Last Trading Day</i>	0.347	21.0%
<i>VWAP for the six (6)-month period prior to and including the Last Trading Day</i>	0.380	10.5%
<i>VWAP for the twelve (12)-month period prior to and including the Last Trading Day</i>	0.484	(13.2)%

Source: Bloomberg L.P.

Notes:

- (1) Computed based on the Share prices which were rounded to the nearest three (3) decimal places.*
- (2) The VWAP is calculated based on the total daily value divided by the total daily volume for the respective periods.*

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7.2 Low trading liquidity of the Shares

The trading liquidity of the Shares on the SGX-ST in the past year has been generally thin. The average daily trading volume of the Shares for the one (1)-month, three (3)-month, six (6)-month and twelve 12-month periods prior to and including the Last Trading Day are as follows:

Period prior to and including the Last Trading Day	Average Daily Trading Volume ⁽¹⁾	Approximate percentage of total number of Shares ⁽²⁾
1-month	12,350	0.03%
3-month	11,720	0.02%
6-month	10,493	0.02%
12-month	12,517	0.03%

Source: Bloomberg L.P.

Notes:

- (1) The average daily trading volume is computed based on the total trading volume of the Shares (excluding off-market transactions) for all Market Days for the relevant periods immediately prior to and including the Last Trading Day, divided by the total number of traded Market Days during the respective periods.
- (2) Based on 48,609,243 Shares, being the total number of issued Shares (excluding treasury Shares).

7.3 Greater management flexibility

The Offeror believes that the Delisting would provide the management of the Company with greater flexibility to manage and develop the existing businesses of the Group while exploring opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

7.4 Compliance costs of maintaining listing

The Company incurs additional compliance and associated costs in maintaining the Company's listing status. As a non-listed entity, the Group will be able to (a) achieve cost-savings by dispensing with costs associated with complying with SGX-ST listing requirements and other regulatory requirements as well as human resources that have to be committed for such compliance; and (b) focus its resources on its business operations.

7.5 No present need for access to Singapore capital markets

The Company has not carried out any exercise to raise cash funding on the SGX-ST in the past five years and it is unlikely that the Company will require access to the Singapore capital markets to finance its operations in the foreseeable future. Accordingly, it is not necessary for the Company to maintain a listing on the SGX-ST.

8. THE OFFEROR'S INTENTIONS

The Offeror has no current intention of (a) making material changes to the Company's existing business; (b) re-deploying of the Company's fixed assets; or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/ or the Company."

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8. FINANCIAL ASSESSMENT OF THE EXIT OFFER

In assessing the financial terms of the Exit Offer, we have deliberated on the following factors which we consider to be pertinent and have a significant bearing on our assessment:

- (i) Financial performance and position of the Group;
- (ii) General economic conditions and outlook of the industry;
- (iii) Historical Share Price performance and trading liquidity;
- (iv) The Group's net asset value ("NAV"), net tangible assets ("NTA"), and its revalued NAV and NTA
- (v) Relative valuation analysis;
- (vi) Precedent privatisation transactions analysis;
- (vii) Dividend track record of the Company; and
- (viii) Other relevant considerations.

8.1 Financial Performance and Position of the Group

We set out below a summary of the financial results of the Group for the last three financial years ended 31 December 2013, 2014 and 2015 ("FY2013", "FY2014" and "FY2015" respectively) and the interim financial results of the Group for the six-month period ended 30 June 2016 ("1H2016") and 30 June 2015 ("1H2015").

Summary of the Group's Income and Loss Statement

S\$'000	Unaudited 1H2016	Unaudited 1H2015	Audited FY2015	Audited FY2014	Audited FY2013
Revenue	135,194	169,574	318,895	329,868	241,146
Gross Profit	15,456	15,725	33,405	35,181	31,763
Profit/(Loss) before income tax	(10,702)	2,698	(18,482)	7,204	7,506
Net Profit/(loss) attributable to Shareholders of the Company	(11,636)	2,218	(19,971)	5,776	6,470

Summary of the Group's Financial Position

S\$'000	Unaudited 1H2016	Audited FY2015	Audited FY2014	Audited FY2013
Current assets	123,472	166,237	143,013	115,157
Non-current assets	28,944	35,433	76,900	58,415
Total assets	152,416	201,670	219,913	173,572
Current liabilities	99,105	134,450	119,183	87,403
Non-current liabilities	2,614	3,971	14,332	1,521
Total liabilities	101,719	138,421	133,515	88,924
Share Capital	77,929 ⁽¹⁾	77,929 ⁽¹⁾	121,450	121,450
Treasury Shares	(5,894)	(5,894)	(5,894)	(5,894)
Reserves ⁽²⁾	(10,352)	(9,432)	(8,676)	(9,499)
Retained earnings/(accumulated losses)	(10,986)	646	(20,482)	(21,409)
Total Equity	50,697	63,249	86,398	84,648
Working Capital	24,367	31,787	23,830	27,754

Notes:

1. The Company had proposed a capital reduction from S\$121,450,000 to S\$77,929,400 by the cancellation of share capital of the Company in FY2015, in which was to write off accumulated losses.
2. Reserves comprises investment revaluation reserve and foreign currency translation reserve.

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Summary of the Group's Cash Flows

S\$'000	Unaudited 1H2016	Unaudited 1H2015	Audited FY2015	Audited FY2014	Audited FY2013
Net cash from/(used in) operating activities	18,267	15,823	14,368	10,699	(10,594)
Net cash from/(used in) investing activities	3,592	(5,823)	1,284	(26,508)	(1,663)
Net cash from/(used in) financing activities	(32,859)	849	(10,882)	10,297	13,442
Cash and cash equivalents at end of period/year	14,403	31,469	25,915	20,483	25,676

Source: FY2013 to FY2015 annual reports and Company's 1H2016 interim financial results announcement

8.1.1 Historical Financial Performance and Position

Financial performance

Revenue

We noted a significant growth of 36.8% in the Group's revenue in FY2014 from FY2013, with improvement posted in all segments of the Group, namely Electronics, Material Supply & Marine Logistics and F&B Retail and Supplies. The growth was driven mainly by the Group's strategic diversification in collaborative joint development projects in LED lighting products and the increase in infrastructure material projects in 2014.

We noted a marginal decrease of 3.3% in the Group's revenue in FY2015 from FY2014 due mainly to the global trade slowdown, especially in the second half of 2015. The Group's revenue in 1H2016 also declined by 20.3% from 1H2015, weighed down by weakness in the global macro economy.

Gross Profit

We noted an increase of 10.8% in the Group's gross profit for FY2014 from FY2013. However, the Group's gross profit margin declined from 13.2% in FY2013 to 10.7% in FY2014 due mainly to the higher contribution of the Material Supply & Marine Logistics segment which had a lower gross industry profit margin compared to the Electronics segment.

Despite the challenging business environment brought about by the continued decline in global crude oil prices and the compounded volatility in the regional currencies against the US dollar, we noted that the Group managed to consistently maintain its gross profit margin in the range of 9.3% to 11.4% from FY2015 to 1H2016.

Net profit /(Loss) attributed to Shareholders

We noted that the Group had a lower net profit of S\$5.8 million in FY2014 compared to S\$6.5 million in FY2013 due mainly to higher administrative expenses and finance costs incurred in 2014 as a result of the Group embarking into two new businesses.

We noted that the Group recorded losses in FY2015 of S\$20.0 million, mainly due to an increase in administrative expenses of S\$24.5 million arising from (i) S\$11.1 million impairment charges on the Group's fleet of vessels in view of protracted weakness in the global marine industry, (ii) S\$7.5 million allowance for inventory obsolescence and inventories written off, (iii) S\$1.7 million unrealised mark-to-market losses on derivative instruments as a result of the volatility in the foreign exchange rates, and (iv) S\$4.2 million increase in operating costs primarily driven by depreciation expenses and allowances for doubtful receivables.

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We noted that in 1H2016, the Group continued to record net losses of S\$11.6 million compared to a net profit position in 1H2015, due to global uncertainty in the macro economy had resulted in the Group recording an additional S\$8.6 million impairment losses for its vessels, marine equipment and intangible assets and an increase of S\$2.1 million in provision for inventory obsolescence, doubtful debts and others.

Financial Position

We noted that the Group's net asset position as at 31 December 2014 increased slightly by 2.1% compared to the net asset position as at 31 December 2013, despite a decrease in net working capital position, as the Group completed its diversification into its Material Supply & Marine Logistics and F&B Retail and Supplies segments and funded its LED lighting manufacturing capabilities expansion at its China plant. The Group's financial position as at 31 December 2015 continued to remain healthy with positive net working capital.

We noted that as at 30 June 2016, the Group maintained a net working capital of S\$24.4 million and positive Shareholder's equity of S\$50.7 million. Net debt to equity ratio (total borrowings net of cash on hand to Shareholder's equity) of 0.3x as at 30 June 2016, compared to 0.6x as at 31 December 2015, while current ratio remained 1.3x as at 30 June 2016, similar to that as at 31 December 2015.

Cash Flow

We noted that the Group had positive cash flow generated from operation of S\$10.7 million in FY2014, compared to a negative cash flow generated from operations in FY2013. This enabled the Group to partially fund its capital expenditures and R&D expenses in its Electronics segment, as well as its acquisition of a shipyard and the business of Kay Lee Roast Meat Joint. In FY2015, the Group was able to maintain its positive operating cash flows and recorded an increase of S\$5.4 million in cash and bank balances.

We noted that the Group improved its net cash generated from operating activities to S\$18.3 million in 1H2016 from S\$15.8 million in 1H2015. The Group used the positive operating cash flows to reduce its bank borrowings and consequently cash and bank balances decreased by S\$11.5 million from S\$25.9 million in FY2015 to S\$14.4 million in 1H2016.

8.1.2 Between 30 June 2016 and the Latest Practicable Date

In respect of the above, the Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, save for what have been previously disclosed in Circular, the annual reports and financial statements over the Period Under Review and its announcements on the SGXNET:

- (i) there are no other off-balance sheet and contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (ii) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (iii) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (iv) there are no material acquisitions and disposals of assets by the Group between 1 July 2016 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

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8.2 General Economic Conditions and Outlook of the Industry

We noted that the Company had stated in its interim financial statement announcement for 1H2016 that the Group “has sufficient financial resources (including existing available banking facilities) to fund its operation and capital expenditure requirement for the next 12 months”.

We also noted the Company had highlighted in the same announcement that the outlook of the Company will be challenging for the near future, as reproduced below:

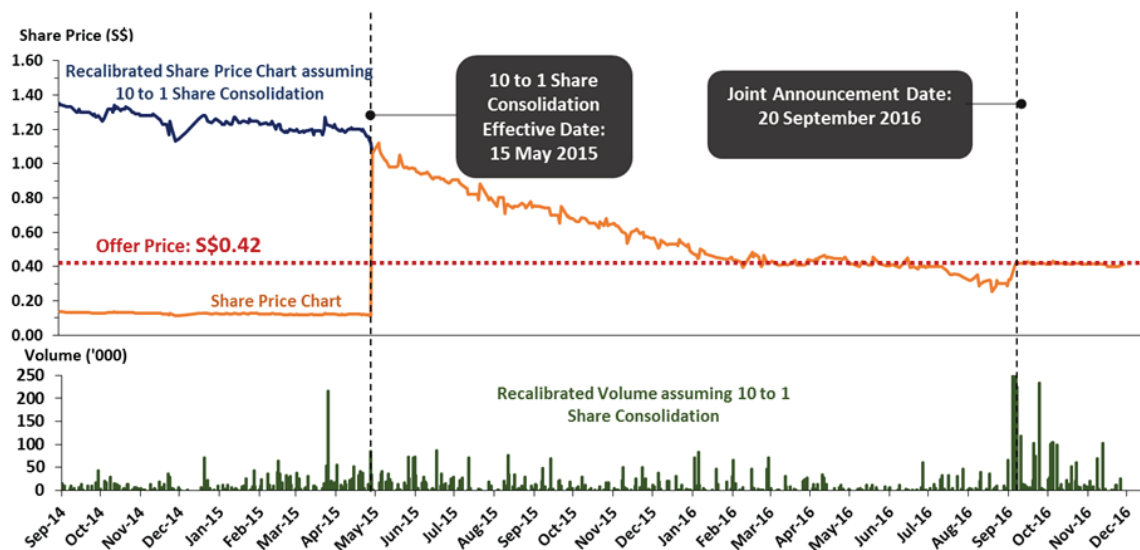
“The world economy is still in sluggish state. Coupled with the volatile currency and uncertain market, we anticipate that the economy to be slow in the recovery process and that it is unlikely for the markets relevant to the Group to have any significant improvement in the near future. The management will continue to review the processes to improve efficiencies and exercise prudence over cost control.”

8.3 Historical Share Price performance and Trading Liquidity

8.3.1 Historical Share Price performance

The following presents the historical chart of the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 17 September 2014, being the last 24 months prior to the Joint Announcement Date, and ending on the Latest Practicable Date. For comparative purposes, we have recalibrated closing prices of the Shares to reflect the 10 to 1 Share Consolidation (as defined below) up to 15 May 2015, being the effective date of the Share Consolidation.

Chart 1: Share Price Performance from 17 September 2014 up to the Latest Practicable Date



Source: Bloomberg, and information/announcement from the SGX-ST

Share Consolidation and Capital Reduction in FY2015

The Company had on 27 February 2015 announced its intention to undertake a consolidation of every ten (10) existing issued Shares of the Company into one (1) ordinary Share in order to fulfill the minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Mainboard of the SGX-ST (the “**Share Consolidation**”). Following the completion of the Share Consolidation on 20 May 2015, the issued share capital of the Company, excluding treasury shares, had decreased from 486,092,846 to 48,609,284 Shares.

In the same announcement, the Company had also proposed a capital reduction from S\$121,450,000 to S\$77,929,400 by the cancellation of share capital of the Company which was unrepresented by available assets and to write off accumulated losses amounting to S\$43,521,000 as at 31 December 2014.

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Period before 15 May 2015

Based on Chart 1 and with reference to the recalibrated Share Prices assuming the Share Consolidation, the Company's closing Share Prices were above the Exit Offer Price. We noted that the closing Share Prices were on a down trend prior to effective date (being the day which the Share Price changed to reflect the Share Consolidation) of the Share Consolidation on 15 May 2015.

Period after 15 May 2015 up to the Joint Announcement Date

Based on Chart 1 and with reference to closing Share Prices after the Share Consolidation, the Company's closing Share Prices were above the Exit Offer Price but at a downward trend from 15 May 2015 up to 22 January 2016. We noted that the downward trend in the Share prices corresponded to the decline in the financial performance of the Group, registering losses for four consecutive quarters, beginning from the 3rd quarter of 2015. The Group's losses were mainly due to losses incurred in the Group's Materials and Marine Logistics segment as a result of protracted weakness in the global marine industry as well as a sharp decline in the results of the Group's Electronics segment mainly due to increased provisions for inventory obsolescence.

Between 23 February 2016 and 30 June 2016, the Shares were trading within the range of S\$0.395 - S\$0.485. Between 1 July 2016 and up to the Latest Practicable Date, the Share Prices were trading below or just above the Exit Offer Price, within the range of S\$0.255 - S\$0.430.

8.3.2 Exit Offer Price comparison to historical Share price

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares commencing from 17 September 2015, being the 12-month period prior to the Joint Announcement Date, and ending on the Latest Practicable Date:

Table 1: Share Price Performance and Trading Liquidity Table

	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of the Exit Offer Price to VWAP per Share (%)	Lowest Transacted Price (S\$)	Highest Transacted Price (S\$)	Average daily trading volume(2) (Shares)	Average daily trading volume as % of free- float
<u>For the period prior to the Joint Announcement Date</u>						
Last 12 months	0.484	(13.2)%	0.255	0.760	8,727	0.02% ⁽³⁾
Last 6 months	0.380	10.5%	0.255	0.480	6,692	0.02% ⁽³⁾
Last 3 months	0.347	21.0%	0.255	0.480	8,186	0.02% ⁽³⁾
Last 1 month	0.303	38.6%	0.255	0.350	10,105	0.03% ⁽³⁾
Last transacted price on 16 September 2016 (being the last full day of trading prior to the Joint Announcement Date)	0.325	29.2%	0.300	0.330	66,700	0.18% ⁽³⁾
<u>For the period commencing after the Joint Announcement Date up to the Last Practicable Date</u>						
Till the Latest Practicable Date	0.417	0.72%	0.400	0.430	65,577	0.19% ⁽⁴⁾
Last traded price on Latest Practicable Date	0.415	1.20%	0.405	0.415	25,000	0.07% ⁽⁴⁾

Source: Bloomberg as at the Latest Practicable Date 12 December 2016

Notes:

1. The Volume Weighted Average Price ("VWAP") was calculated by adding up the dollar value for every transaction and then dividing by the total shares traded for the day which were rounded to the nearest three decimal places.

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2. *The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST is open for the trading of securities ("Market Day") for the relevant periods.*
3. *Free Float is approximately 36,145,377 Shares of the issued share capital held by the public as at the Joint Announcement Date.*
4. *Free Float is approximately 33,867,878 Shares of the issued share capital held by the public as estimated by Bloomberg as at the Latest Practicable Date.*

Based on Table 1, we note that the Exit Offer Price is:

- (i) at approximately 38.6%, 21.0% and 10.5% premium to the VWAP for the Shares for the period 1-month, 3-months, 6-months prior to the Joint Announcement Date respectively;
- (ii) at a discount of 13.2% to the VWAP for the Shares for the period 12-months prior to the Joint Announcement Date. We noted that the 12-months VWAP of S\$0.484 is notably skewed by Share prices of between S\$0.51 to S\$0.76 between 17 September 2015 and 31 December 2015. In particular, we noted a downward trend in the Share prices beginning from May 2015, which corresponded to the decline in the financial performance of the Group, registering losses for four consecutive quarters, beginning from the 3rd quarter of 2015;
- (iii) at a premium of approximately 29.2% from the last transacted price of S\$0.325 per Share on the last full day of trading prior to the Joint Announcement Date;
- (iv) at a premium of approximately 0.72% from the VWAP for the Shares for the period commencing after the Joint Announcement Date up to the Latest Practicable Date;
- (v) at a premium of approximately 1.20% from the last traded price of S\$0.415 on the Latest Practicable Date; and
- (vi) at higher premium in shorter period when comparing 1-month, 3-months and 6-months VWAP for the Shares as a result of the lower Share Prices traded during the period up to the Joint Announcement Date.

8.3.3 Trading Volume and Liquidity

Based on the number of Shares traded on a daily basis during the period commencing from 17 September 2015 (being the Market Day 12 months prior to the Joint Announcement Date) and ending on the Latest Practicable Date, we noted that:

- (i) the average daily trading volume of the Shares was 10,105 (0.03% of the free-float), 8,186 (0.02% of the free-float), 6,692 (0.02% of the free-float) and 8,727 (0.02% of the free-float) for the respective 1-month, 3-months, 6-months and 12-months periods prior to the Joint Announcement Date;
- (ii) for the period commencing from the Market Day immediately after the Joint Announcement Date up to the Latest Practicable Date, the average daily trading volume of the Shares was 65,577 (0.19% of the free-float)

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Table 2: Market Liquidity of the Top 10 largest companies in the FTSE ST Fledging Index

Company	Market Capitalisation 1 Day prior to Joint Announcement Date (S\$ million)	Average Daily Trading Volume 12 months prior to Joint Announcement Date (million)		Average Daily Trading Volume 6 months prior to Joint Announcement Date (million)		Average Daily Trading Volume 3 months prior to Joint Announcement Date (million)	
		Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume as % Free Float Shares	Average Daily Trading Volume as % Free Float Shares
Hotel Royal Ltd	319.2	0.00	0.01	0.00	0.01	0.01	0.02
Health Mgmt Intl Ltd	310.0	0.47	0.18	0.73	0.28	1.39	0.53
Innovalues Ltd	290.4	1.94	1.08	2.94	1.64	2.98	1.66
MYP Ltd	277.8	0.04	0.03	0.04	0.04	0.06	0.05
Sunpower Group Ltd	269.2	0.75	0.27	0.92	0.33	0.44	0.16
Poh Tiong Choon Logistics Ltd	231.0	0.03	0.05	0.04	0.06	0.06	0.09
CSE Global Ltd	214.2	0.31	0.08	0.48	0.12	0.53	0.13
Tianjin Zhongxin Pharmaceutical Group Corp Ltd	209.3	0.22	0.11	0.23	0.11	0.24	0.12
Sunningdale Tech Ltd	189.5	0.23	0.16	0.26	0.21	0.10	0.09
Singapore Reinsurance Corp Ltd	184.5	0.04	0.01	0.04	0.01	0.04	0.01
Max			1.08		1.64		1.66
Min			0.01		0.01		0.01
Median			0.10		0.12		0.11
Simple Average			0.20		0.26		0.29
The Group	21.4	0.01	0.02	0.01	0.02	0.01	0.02

Source: Bloomberg and FTSE ST Fledging Index factsheet (data as at 30 November 2016) from the SGX-ST website. FTSE ST Fledging Index comprises 261 listed companies on the SGX-ST that are too small for the FTSE ST All-Share Index to capture.

Benchmarking the liquidity of the Shares against SGX-ST listed small capitalisation companies

Share prices transacted in the equity capital market can be affected by relative liquidity and free float at any given point in time. In analysing the liquidity of the Shares, we have given consideration to the liquidity of the Shares as compared with the ten largest companies by market capitalisation of the FTSE ST Fledging Index as at 30 November 2016 for the 12-months, 6-months and 3-months period preceding the Joint Announcement Date.

We noted that the average daily trading volume of the Shares of 0.02% of its free float for 12-months, 6-months and 3-months were only higher than two of the top 10 constituents of FTSE ST Fledging Index prior to the Joint Announcement Date, it was approximately 1/10th of the simple average daily trading volume of 0.20% for the top 10 constituents in the FTSE ST Fledging Index as at 30 November 2016 for the 12-months and much lesser for the 6-months and 3-months periods.

We noted that the trading volume of the Shares had generally been low in the past 12 months prior to the Joint Announcement Date and ending on the Latest Practicable Date. The Exit Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity.

However, Shareholders should note that the past trading performance for the Shares should not be relied upon as an indication of its future trading performance.

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8.4 The Group’s NAV, NTA, and revalued NAV (“RNAV”) and revalued NTA (“RNTA”)

8.4.1 NAV and NTA analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities’ interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NAV does not illustrate the values at which assets may actually be realised or disposed of.

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

Based on the Group’s unaudited second quarter financial statement ended 30 June 2016 ⁽¹⁾	
Net Asset Value as at 30 June 2016 (S\$’000)	50,697
Less: Intangible assets (S\$’000)	1,674
NTA as at 30 June 2016 (S\$’000)	49,023
Number of ordinary shares of the Company	51,009,343
Less: treasury shares	2,400,100
Number of issued shares of the Company	48,609,243
NAV per Share (S\$)	1.043
NTA per Share (S\$)	1.009
Exit Offer Price(S\$)	0.420
Exit Offer Price to NAV per Shares (x)	0.40
Discount of Exit Offer Price to NAV per Share (%)	59.7%
Exit Offer Price to NTA per Shares (x)	0.42
Discount of Exit Offer Price to NTA per Share (%)	58.4%

Note:

(1) Figures and computations above are subject to rounding.

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We note that the NAV and NTA of the Group based on the unaudited financial statements as at 30 June 2016 is not materially different.

For illustrative purposes only, the Exit Offer Price to NAV per Share (“**P/NAV**”) and the discount of the Exit Offer Price to NAV per Share as at 30 June 2016 were 0.40x and 59.7% respectively. The Exit Offer Price to NTA per Share (“**P/NTA**”) and the discount of the Exit Offer Price to NTA per Share of the Group as at 30 June 2016 were 0.42x and 58.4% respectively.

8.4.2 RNAV and RNTA analysis

In our evaluation of the Exit Offer Price, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the unaudited balance sheet of the Group as at 30 June 2016. We understand from the directors of the Company (“**Directors**”) that the Company has commissioned AVA Associates Limited (the “**Independent Valuer**”), to conduct an independent valuation of selected balance sheet items (the “**Revalued Items**”) to calculate the revalued net asset value of the Group’s assets as at 30 June 2016. The Revalued Items were selected after discussions between the Independent Valuer and the Company in relation to the materiality of the balance sheet items to the overall transaction, meaning, the Delisting and the Exit Offer.

We recommend that the Independent Directors advise Shareholders to note and review carefully the valuation report (“**Valuation Report**”) set out in **Appendix IV** of the Circular in its entirety including the assumptions made and the bases of these assumptions.

“Fair Value” has been defined in the Valuation Report as “*The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*”. Based on the Valuation Report, the RNAV of the Group, incorporating the fair value of the Revalued Items, is calculated to be approximately S\$46.3 million. We noted that in arriving at the Group’s RNAV, the Independent Valuer has planned and performed valuation comprising:

- Review and comment on the value of balance sheet items; and
- Valuation of leasehold property located at 15D Pandan Road, Singapore 408694 and freehold property at 125 Paya Lebar Road, Singapore 534838.

Except for the assets identified in the Valuation Report, the Directors and the Management of the Company had confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated fair value of the other assets for which no valuation was obtained and their respective book value. The Directors confirmed that they are aware of and are satisfied with the selection of the Revalued Items for the valuation exercise.

We have not made any independent evaluation or appraisal of the Revalued Items and we have been furnished by the Company with the Valuation Report in respect of the fair value of the Revalued Items. With respect to such valuation, we are not experts in the evaluation or appraisal of the Revalued Items and have relied on the Valuation Report for the fair value of the Revalued Items and the Directors’ opinion and confirmation as mentioned in this section.

The Directors have represented that they had reviewed the Valuation Report to understand the assumptions used by the Independent Valuer and the information relied upon by the Independent Valuer in arriving at the fair value of the Revalued Items. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions used by the Independent Valuer are reasonable and confirmed that the Independent Valuer has been provided with information that to the best of their knowledge or belief is true, complete as per request and accurate in all respects and that there is no other information or fact, the omission of which would render the assumptions used by the Independent Valuer to be untrue, inaccurate or incomplete in any respect or misleading.

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For illustrative purposes only and based on the information provided by the Independent Valuer, we have shown the computation of the RNAV and RNTA and highlighted the Revalued Items in the table below:

S\$'000	Unaudited ⁽¹⁾ 30-Jun-16	Revalued ⁽¹⁾ 30-Jun-16
ASSETS		
Current Asset:		
Cash and bank balances	14,403	14,403
Trade receivables	57,147	57,147
Other receivables and prepayments	8,471	8,471
Tax recoverable	409	409
Available-for-sale financial assets	606	606
Vessels held for sale	9,020	9,020
Inventories	33,416	33,416
Total Current Assets	123,472	123,472
Non-Current Assets		
Trade receivables	2	2
Other receivables and prepayments	1,175	1,175
Available-for-sale financial assets	323	323
Property, plant and equipment	25,770	23,009
Intangible assets	1,674	–
Total Non-Current Assets	28,944	24,509
Total Assets	152,416	147,981
Total Liabilities	101,719	101,719
NAV/RNAV (S\$'000)	50,697	46,262
NTA/RNTA (S\$'000)	49,023	46,262
Company's issued share capital as at 30 June 2016		48,609,243
RNAV per Share (S\$)		0.952
RNTA per Share (S\$)		0.952
Exit Offer Price(S\$)		0.420
Exit Offer Price to RNAV per Share (x)		0.44
Discount of Exit Offer Price to RNAV per Share (%)		55.9%
Exit Offer Price to RNTA per Share (x)		0.44
Discount of Exit Offer Price to RNTA per Share (%)		55.9%

Note:

1. Figures and computations above are subject to rounding.

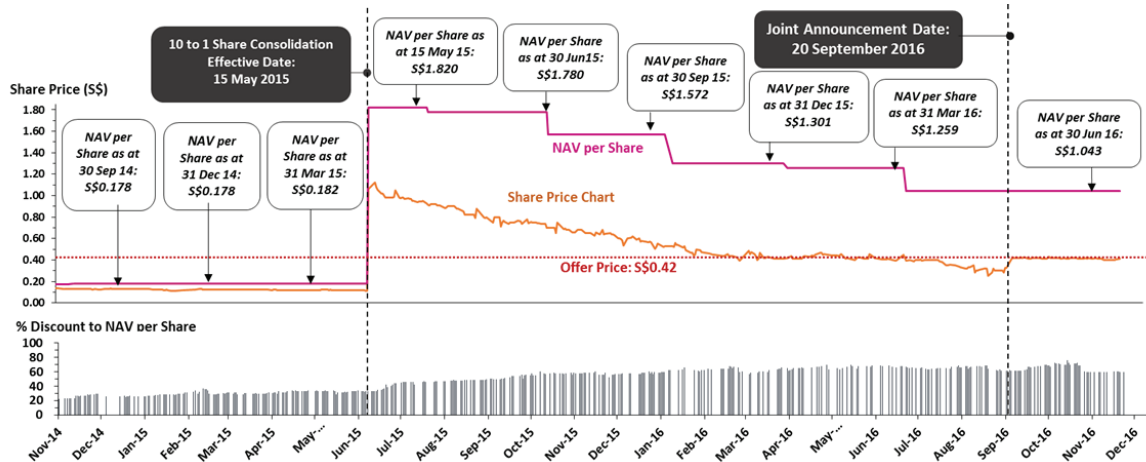
Based on the table above, we noted that both the Exit Offer Price to NAV per Share (“**P/RNAV**”) and the Exit Offer Price to RNTA per Share (“**P/RNTA**”) of the Group was 0.44x as at 30 June 2016.

8.4.3 Historical Share Prices of the Company against its trailing NAV per Share

We have compared the historical Share prices of the Company and the Exit Offer Price against the trailing NAV per Share of the Group as announced in its interim and annual results over the 24 months period prior to the Joint Announcement Date, as shown below:

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Chart 2: Historical Share Prices of the Company against its trailing NAV per Share



Source: Bloomberg as at the Latest Practicable Date, annual reports and interim financial statements

Note:

- NAV per Share as at 15 May 2015 was calculated based on NAV of S\$88.5 million as at 31 March 2015 over issued share capital of 48,609,243 Shares immediately after the Share Consolidation.

Table 3: Share Price as discount to NAV per Share

NAV per Share (S\$) :	Period	Share Price as % Discount to NAV per Share		
		Average (%)	Max (%)	Min (%)
As at 30 Sep 2014: 0.178	30 Sep 14 - 30 Dec 14	28.5	36.5	24.7
As at 31 Dec 2014: 0.178	31 Dec 14 - 30 Mar 15	31.0	33.7	28.1
As at 31 Mar 2015: 0.182	31 Mar 15 - 14 May 15	32.9	37.1	28.7
As at 15 May 2015: 1.820 (post-Share Consolidation)	15 May 15 - 29 Jun 15	45.7	48.9	38.5
As at 30 Jun 2015: 1.780	30 Jun 15 - 29 Sep 15	54.3	60.7	48.3
As at 30 Sep 2015: 1.572	30 Sep 15 - 30 Dec 15	64.8	71.6	57.9
As at 31 Dec 2015: 1.301	31 Dec 15 - 30 Mar 16	64.5	69.6	57.0
As at 31 Mar 2016: 1.259	31 Mar 16 - 29 Jun 16	65.9	68.6	63.1
As at 30 Jun 2016: 1.043	30 Jun 16 - 16 Sep 16	66.7	75.6	61.2

Based on the Company's unaudited financial statements as at 30 June 2016, the Exit Offer Price represents a discount of approximately 59.7% to the Group's unaudited NAV per Share as at 30 June 2016.

We noted that the Share Price has consistently traded at a discount of between 24.7% and 75.6% to the trailing NAV per Share over the 24-month period up to the Joint Announcement Date. In particular, we noted that since 31 December 2015, the average quarterly discounts of the Share Price to NAV per Share were between 64.5% and 66.7%, which were higher than the discount of 59.7% for the Exit Offer Price to NAV per Share as at 30 June 2016.

Shareholders should note that the computation above is solely for illustration purposes as the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, given that the assets held by the Group is very specialised and the market value of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such specialised assets. Also, we wish to highlight that the NAV of the Group may deteriorate further if the Group continues to incur losses after 30 June 2016.

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8.4.4 Comparison of P/RNAV against comparable companies and selected transactions

We have compared the P/RNAV of the Group against the P/NAV (and if available, the P/RNAV) of comparable companies to the Group. Please refer to section 8.5 of this Letter.

We have also compared the P/RNAV of the Group against the exit offer price to NAV multiple (and if available, the exit offer price to RNAV multiple) of selected transactions. Please refer to section 8.6 of this Letter.

8.4.5 Comparison against other conglomerate companies listed on the SGX-ST

In assessing the P/RNAV of the Group, we have performed a comparison of the Group's P/RNAV against the P/NAV of companies listed on the SGX-ST with market capitalisation below S\$1 billion and has at least three unrelated businesses ("**Conglomerate Companies**"), which in our view, are more comparable to the Group in terms of size and diversity in businesses, but not necessarily comparable to the Group in terms of industry segments and geographical spread.

We also wish to highlight that the list of Conglomerate Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

Table 4: Share Price as discount to NAV per Share for Conglomerate Companies

Company	Market Cap as at the Latest Practicable Date (S\$ million)	Share Price as at Latest Practicable Date (S\$)	NAV per Share of the Group as at 30 Jun 2016 (S\$ million)	P/NAV (X)	Premium/ (Discount) (%)	Description
Conglomerates below S\$1bn market cap						
Gallant Venture Ltd	612.8	0.13	0.34	0.37	(62.5)%	Gallant Venture Ltd is an investment holding company. The company owns and operates industrial parks, supplies telecommunications services, electricity and water and wastewater management services, operates resorts and hotels, and develops real estate.
Bonvests Holding Ltd	490.5	1.22	2.14	0.57	(43.0)%	Bonvests Holdings Limited is an investment holding company whose subsidiaries develop real estate and operate waste collection and disposal, and contract cleaning. The company also develops and operates hotels locally and overseas, as well as operates food and beverage restaurants. Bonvests Holdings trades securities and rents properties.
Tuan Sing Holdings Limited	348.9	0.30	0.74	0.40	(59.9)%	Tuan Sing Holdings Limited an investment holding company with interest in property development, property investment and hotel ownership. The company also trade and distribute industrial products and manufacture print circuit boards through its subsidiary companies.

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Company	Market Cap as at the Latest Practicable Date (S\$ million)	Share Price as at Latest Practicable Date (S\$)	NAV per Share of the Group as at 30 Jun 2016 (S\$ million)	P/NAV (X)	Premium/ (Discount) (%)	Description
Hong Leong Asia Ltd	254.3	0.68	1.97	0.34	(65.6)%	Hong Leong Asia Limited manufactures and fabricates precast concrete products, trades and distributes steel and cement products. The company also manufactures and distributes refrigerators and freezers, assembles air-conditioners and diesel engines as well as manufactures and sells metal drums and containers, plastic packaging related products, and container components.
				Median	(61.2)%	
				Simple Average	(57.7)%	
The Group (as implied by the Exit Offer Price)	21.4	0.42	1.04	0.40	(59.7)%	The Group has business in various business segments, including the Electronics segment, Material Supply & Marine Logistics segment and the F&B Retail and Supplies segment.

Source: SGX Stock Facts, Bloomberg and annual report/interim financial statements of the respective companies

We noted that the discount of the Exit Offer Price to the RNAV of the Group as at 30 June 2016 was within the range and was slightly higher (less favourable) than the simple average and slight lower (more favourable) the median of the discount of the share price to NAV of the Conglomerate Companies.

8.5 Relative Valuation Analysis (including gearing ratio analysis)

In assessing the reasonableness of the Exit Offer Price, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies (the “**Comparable Companies**”) listed on the SGX-ST that may, in our view, be broadly comparable to the two main business segments of the Group, which are the Electronics segment and the Marine Logistics segment.

We advise the Independent Directors to note that **there may not be any company listed on the SGX-ST that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria.** We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only an illustrative guide and any conclusion draw from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

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

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8.5.1 Comparable Companies for the Electronics Segment

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Chuan Hup Holding Ltd ("CHUAN HUP")	227.9	The company is an investment holding company with a diversified portfolio of core investments in industries in relation to electronics manufacturing services (PCI Ltd), offshore support services to the oil and gas industry and property development.
Elec & Eltek International Co Ltd ("ELEC & ELTEK")	220.0	The company is an investment holding company whose subsidiaries design, develop, manufacture, and distribute double-sided, multi-layered, and high-density printed circuit boards.
Valuetronics Holdings Ltd ("VALUETRONICS")	209.7	The company offers original equipment manufacturing and original design manufacturing services and serves customers in the telecommunications, industrial, commercial electronic products, and consumer electronic products industries.
Creative Technology Ltd ("CREATIVE")	73.0	The company designs, manufactures, and distributes digitized sound and video boards, computers and related multimedia, and personal digital entertainment products. The company also sells, designs, and manufactures electronic and electrical components, instruments, and computer peripherals.
CEI Limited ("CEI")	72.8	The company provides contract manufacturing services and offers printed circuit board assembly, box-build assembly, prototype assembly, and value added engineering works such as circuit layout and functional design.
PNE Industries Ltd ("PNE")	68.0	The company manufactures and trades electronic and electrical appliances as well as sells emergency lighting and light fittings under the PNE brand name.
Advance Integrated Manufacturing Corp Ltd ("AIMC")	27.1	The company provides electronic manufacturing services specializing in medium to high-end applications and serves original equipment manufacturers/multi-national corporations in the aerospace, medical, analytical sciences, telecommunications, and other industries.

Source: Bloomberg as at 12 December 2016

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The following tabulates the key financial ratios for comparison of financial performance for the past 12-month period ended 30 June 2016 (“T12”) and financial position as at 30 June 2016 for the Comparable Companies and the Group:

Table 5: Financial Performance and debt position of the Group and the Comparable Companies for the Electronic Segment

Comparable Companies	T12 ROE ⁽¹⁾ (%)	T12 Net profit/loss margin ⁽²⁾ (%)	T12 Asset turnover ⁽³⁾ (x)	Total liabilities/ shareholders’ equity (x)	Total borrowings/ shareholders’ equity (x)	Net Debt ⁽⁴⁾ /T12 EBITDA ⁽⁵⁾ (x)
CHUAN HUP	3.8	4.3	0.7	0.3	0.0	Net Cash ⁽⁶⁾
ELEC & ELTEK	2.9	2.2	0.8	0.6	0.2	1.0
VAULETRONICS	13.5	6.2	1.2	0.8	0.0	Net Cash ⁽⁶⁾
CREATIVE	2.8	3.1	0.6	0.4	0.0	Net Cash ⁽⁶⁾
CEI	25.6	7.7	1.9	0.7	0.1	Net Cash ⁽⁶⁾
PNE	11.9	12.1	0.9	0.1	0.0	Net Cash ⁽⁶⁾
AIMC	(5.6) ⁽⁷⁾	(2.2) ⁽⁷⁾	1.2	1.0	0.6	19.4
High	25.6	12.1	1.9	1.0	0.6	
Low	(5.6)	(2.2)	0.6	0.1	0.0	
Median	3.8	4.3	0.9	0.6	0.0	
Simple Average	7.8	4.8	1.0	0.6	0.1	
The Group	(66.7)⁽⁸⁾	(11.9)⁽⁸⁾	1.9	2.0	0.6	Negative⁽⁸⁾

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies as at 30 June 2016, save for PNE which was based on its latest unaudited interim financial statements as at 31 March 2016 and its annual report of 2015.

Notes:

1. The T12 Return On Equity (“ROE”) was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders’ equity exclude minority interest as at 30 June 2016 of the respective companies.
2. T12 net profit/loss margin was calculated based on the ratio of T12 net profits/losses after tax attributable to shareholders to the T12 revenue of the respective companies.
3. T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at 30 June 2016 of the respective companies.
4. The Net Debt is the sum of all short-term and long-term debt less the total cash and cash equivalents as at 30 June 2016.
5. T12 Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is computed based on the trailing 12 months period ending on 30 June 2016 for which financial results have been published.
6. Net cash, in the context of this Letter, represents as a positive cash position after deducting total debt from cash and its short-term equivalents.
7. AIMC recorded a T12 loss after tax attributable to shareholder of approximately S\$2.2 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and its audited full year financial of 2015.
8. The Group recorded a negative T12 EBITDA and T12 loss after tax attributable to shareholders of approximately S\$20.2 million and S\$33.8 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and its audited financial statements in the FY2015 annual report.

Based on Table 5, we noted the following:

- (i) the Group’s T12 ROE and T12 net profit/loss margin were negative and below the range of the Comparable Companies in the Electronics segment;
- (ii) the Group’s total liabilities to shareholder equity ratio of 2.0x was above that of the Comparable Companies in the Electronics segment; and
- (iii) the Group’s total borrowings to shareholder equity ratio of 0.6x was at the high end of the range of the Comparable Companies in the Electronics segment.

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Table 6: Valuation Statistics of the Group and the Comparable Companies for the Electronic Segment

Comparable Companies	Interim Financial	Market Capitalisation (S\$' million)	T12 PER ⁽¹⁾ (x)	T12 EV/EBITDA ⁽²⁾ (x)	P/NAV ⁽³⁾ (x)
CHUAN HUP	30-Jun-16	227.9	15.9	7.2	0.6
ELEC & ELTEK	30-Jun-16	220.9	15.7	3.9	0.5
VAULETRONICS	30-Jun-16	209.7	10.0	2.8	1.4
CREATIVE	30-Jun-16	73.0	20.0	Negative ⁽⁴⁾	0.6
CEI	30-Jun-16	72.8	7.1	4.3	1.8
PNE	31-Mar-16	68.0	7.6	2.8	0.9
AIMC	30-Jun-16	27.1	Negative ⁽⁵⁾	n.m. ⁽⁵⁾	0.7
High			20.0	7.2	1.8
Low			7.1	2.8	0.5
Median			12.9	3.9	0.7
Simple Average			12.7	4.2	0.9
The Group (implied by the Exit Offer Price)	30-Jun-16	21.4⁽⁶⁾	Negative⁽⁷⁾	Negative⁽⁷⁾	0.4⁽⁸⁾

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies as at 30 June 2016, save for PNE which was based on its latest unaudited interim financial statements as at 31 March 2016 and its annual report of 2015.

Notes:

1. T12 Price-Earnings Ratio (“PER”) was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.
2. The Enterprise Value (“EV”) was calculated based on the sum of the companies’ market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is computed based on the trailing 12 months period ending on 30 June 2016 for which financial results have been published.
3. The Price to NTA (“P/NTA”) was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NTA attributable to shareholders of the respective companies.
4. CREATIVE has a negative EV based on the audited financial statements in its annual report ended 30 June 2016 and market capitalisation extracted from Bloomberg.
5. AIMC recorded a T12 loss after tax attributable to shareholder of approximately S\$2.2 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015. AIMC’s T12 EV/EBITDA of 48.0x is construed as an outlier and has been excluded from the analysis.
6. Based on the Exit Offer Price of S\$0.420 and the Company’s share capital of 51,009,343 Shares as at the Latest Practicable Date.
7. The Group recorded a negative T12 EBITDA and T12 loss after tax attributable to shareholders of approximately S\$20.2 million and S\$33.8 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and its audited financial statements in the FY2015 annual report.
8. Based on the Group’s RNAV of approximately S\$46.3 million as at 30 June 2016.

Based on Table 6, we noted the following:

- (i) the Group’s T12 PER and T12 EV/EBITDA were negative as the Group incurred unaudited losses of S\$33.8 million and negative EBITDA of S\$20.2 million respectively for the 6-month period ended 30 June 2016; and
- (ii) the Group’s P/RNAV of 0.4x based on the Group’s unaudited NAV as at 30 June 2016 was below the range of the Comparable Companies in the Electronics segment.

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8.5.2 Comparable Companies for the Marine Logistics Segment

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (S\$ million)	Principal activities
Pacific Radiance Ltd (“PACRA”)	104.9	The company owns and operates offshore vessels, and provides subsea services, shipyard services, marine equipment as well as project logistics to the oil and gas industry around the world.
Vallianz Holdings Limited (“Vallianz”)	64.7	The company is a vessel and equipment owning, and leasing company which provides marine support services, primarily marine asset ownership, leasing, and fleet management.
ASL Marine Holdings Ltd (“ASL”)	57.3	The company is an integrated marine company whose operations include shipbuilding, ship repair, and other marine-related services. The company also provides other marine-related services such as logistical support, general engineering services, and sales and repairing of marine equipment.
Manhattan Resources Ltd (“MANHATTAN”)	55.7	The company provides marine services, land reclamation, charter of vessels, and dredging services as well as trades sea-sand, provides logistics, production, and other support services to the coal mining, oil, and gas industries.
Marco Polo Marine Ltd (“MARCO POLO”)	17.2	The company is an integrated shipping company which provides services that include ship chartering, ship building and repair, and brokering services.
Seroja Investment Ltd (“SEROJA”)	15.6	The company provides charter services of tugboats and barges. The ships are primarily used to transport thermal coal, sand and other quarry materials.
Hoe Leong Corp Ltd (“HOE LEONG”)	8.7	The company provides vessel-chartering services for the oil and gas industry, as well as manufactures, trades and distributes spare parts for heavy equipment and industrial machinery.

Source: Bloomberg as at the 12 December 2016

The following tabulates the key financial ratios for comparison of financial performance for the past 12-month period ended 30 June 2016 (“T12”) and financial position as at 30 June 2016 for the Comparable Companies and the Group:

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Table 7: Financial Performance and debt position of the Group and Comparable Companies for the Marine Logistics Segment

Comparable Companies	T12 ROE ⁽¹⁾ (%)	T12 Net profit/loss margin ⁽²⁾ (%)	T12 Asset turnover ⁽³⁾ (x)	Total liabilities/ shareholders' equity (x)	Total borrowings/ shareholders' equity (x)	Net Debt ⁽⁴⁾ /T12 EBITDA ⁽⁵⁾ (x)
PACRC	(19.7) ⁽⁶⁾	(69.7) ⁽⁶⁾	0.1	1.7	1.5	Negative ⁽⁶⁾
Vallianz	7.7	8.3	0.2	2.8	1.5	4.9
ASL	0.5	0.5	0.6	2.0	1.4	7.4
MANHATTAN	(24.3) ⁽⁷⁾	(485.3) ⁽⁷⁾	0.0	1.2	0.4	Net Cash ⁽⁸⁾
MARCO POLO	(6.3) ⁽⁹⁾	(19.8) ⁽⁹⁾	0.1	1.8	1.5	n.m. ⁽⁹⁾
SEROJA	(23.9) ⁽¹⁰⁾	(19.4) ⁽¹⁰⁾	0.4	0.8	0.7	2.0
HOE LEONG	(8.2) ⁽¹¹⁾	(7.6) ⁽¹¹⁾	0.4	1.6	1.3	Negative ⁽¹¹⁾
High	7.7	8.3	0.6	2.8	1.5	7.4⁽¹²⁾
Low	(24.3)	(485.3)	0.0	0.8	0.4	2.0⁽¹²⁾
Median	(8.2)	(19.4)	0.2	1.7	1.4	4.9⁽¹²⁾
Simple Average	(10.6)	(84.7)	0.3	1.7	1.2	4.8⁽¹²⁾
The Group	(66.7)⁽¹³⁾	(11.9)⁽¹³⁾	1.9	2.0	0.6	Negative⁽¹³⁾

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies as at 30 June 2016.

Notes:

- The T12 Return On Equity ("**ROE**") was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders' equity exclude minority interest as at 30 June 2016 of the respective companies.
- T12 net profit/loss margin was calculated based on the ratio of T12 net profits/losses after tax attributable to shareholders to the T12 revenue of the respective companies.
- T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at 30 June 2016 of the respective companies.
- The Net Debt is the sum of all short-term and long-term debt less the total cash and cash equivalents as at 30 June 2016.
- T12 Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") is computed based on the trailing 12 months period ending on 30 June 2016 for which financial results have been published.
- PACRC recorded a negative T12 EBITDA and a T12 loss after tax attributable to shareholder of approximately S\$33.3 million and S\$90.9 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.
- MANHATTAN recorded a negative T12 EBITDA and a T12 loss after tax attributable to shareholder of approximately S\$19.8 million and S\$25.0 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.
- Net cash, in the context of this Letter, represents as a positive cash position after less total debt from cash and its short-term equivalents.
- Not Meaningful. MARCO POLO recorded a T12 loss after tax attributable to shareholder of approximately S\$10.5 million based on its unaudited financial statements for the 9-month ended 30 June 2016 and the audited full year financial of 2015. Its Net Debt to T12 EBITDA ratio of approximately 42.0x is construed as an outlier and has been excluded from the analysis.
- SEROJA recorded a T12 loss after tax attributable to shareholder of approximately S\$11.4 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.
- HOE LEONG recorded a negative T12 EBITDA and a T12 loss after tax attributable to shareholder of approximately S\$1.8 million and S\$4.9 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.
- The analysis of the High, Low, Median and Simple Average of the Comparable Companies' Net Debt to T12 EBITDA ratio has excluded companies with negative T12 EBITDA and positive Net Cash position as well as MARCO POLO whose ratio is construed as an outlier.
- The Group recorded a negative T12 EBITDA and T12 loss after tax attributable to shareholders of approximately S\$20.2 million and S\$33.8 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and its audited financial statements in the FY2015 annual report.

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Based on Table 7, we noted the following:

- (i) the majority of the Comparable Companies in the Marine Logistics segment were loss-making;
- (ii) the Group's T12 ROE was negative and below the range of the Comparable Companies in the Marine Logistics segment;
- (iii) the Group's T12 net profit/loss margin was negative and within the range and above the median of the Comparable Companies in the Marine Logistics segment;
- (iv) the Group's total liabilities to shareholder equity ratio of 2.0x was within the range and higher than the median of the Comparable Companies in the Marine Logistics segment; and
- (v) the Group's total borrowings to shareholder equity ratio of 0.6x was within the range and below the median of the Comparable Companies in the Marine Logistics segment.

Table 8: Valuation Statistics of the Group and the Comparable Companies for the Marine Logistics Segment

Comparable Companies	Interim Financial	Market Capitalisation (\$ million)	T12 PER ⁽¹⁾ (x)	T12 EV/ EBITDA ⁽²⁾ (x)	P/NAV ⁽³⁾ (x)
PACRC	30-Jun-16	104.9	Negative ⁽⁴⁾	Negative ⁽⁴⁾	0.2
Vallianz	30-Jun-16	64.7	2.5	6.0	0.2
ASL	30-Jun-16	57.3	n.m. ⁽⁵⁾	8.2	0.1
MANHATTAN	30-Jun-16	55.7	Negative ⁽⁶⁾	Negative ⁽⁶⁾	0.5
MARCO POLO	30-Jun-16	17.2	Negative ⁽⁷⁾	n.m. ⁽⁷⁾	0.1
SEROJA	30-Jun-16	15.6	Negative ⁽⁸⁾	8.3	0.3
HOE LEONG	30-Jun-16	8.7	Negative ⁽⁹⁾	Negative ⁽⁹⁾	0.1
High			2.5	8.3	0.5
Low			2.5	6.0	0.1
Median			2.5	8.2	0.2
Simple Average			2.5	7.5	0.2
The Group (implied by the Offer Price)	30-Jun-16	21.4⁽¹⁰⁾	Negative⁽¹¹⁾	Negative⁽¹¹⁾	0.4⁽¹²⁾

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies as at 30 June 2016

Notes:

1. T12 Price-Earnings Ratio ("PER") was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.
2. The Enterprise Value ("EV") was calculated based on the sum of the companies' market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is computed based on the trailing 12 months period ending on 31 March 2016 for which financial results have been published.
3. The Price to NAV ("P/NAV") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NTA attributable to shareholders of the respective companies.
4. PACRC recorded a negative T12 EBITDA and a T12 loss after tax attributable to shareholder of approximately S\$33.3 million and S\$90.9 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.
5. ASL's T12 PER of approximately 33.8x is construed as an outlier and has been excluded from the analysis.

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6. *MANHATTAN recorded a negative T12 EBITDA and a T12 loss after tax attributable to shareholder of approximately S\$19.8 million and S\$25.0 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.*
7. *MARCO POLO recorded a T12 loss after tax attributable to shareholder of approximately S\$10.5 million based on its unaudited financial statements for the 9-month ended 30 June 2016 and the audited full year financial of 2015. Its T12 EV/EBITDA ratio of approximately 46.6x is construed as an outlier and has been excluded from the analysis.*
8. *SEROJA recorded a T12 loss after tax attributable to shareholder of approximately S\$11.4 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.*
9. *HOE LEONG recorded a negative T12 EBITDA and a T12 loss after tax attributable to shareholder of approximately S\$1.8 million and S\$4.9 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and the audited full year financial of 2015.*
10. *Based on the Issue Price of S\$0.420 and the Company's share capital of 51,009,343 Shares as at the Latest Practicable Date.*
11. *The Group recorded a negative T12 EBITDA and T12 loss after tax attributable to shareholders of approximately S\$20.2 million and S\$33.8 million based on its unaudited financial statements for the 6-month ended 30 June 2016 and its audited financial statements in the FY2015 annual report.*
12. *Based on the Group's RNAV of approximately S\$46.3 million as at 30 June 2016.*

Based on Table 6, we note the following:

- (i) the Group's T12 PER and T12 EV/EBITDA were negative as the Group incurred unaudited losses of S\$33.8 million and negative EBITDA of S\$20.2 million respectively for the 6-month period ended 30 June 2016; and
- (ii) the Group's P/RNAV of 0.4x based on the Group's unaudited NAV as at 30 June 2016, was within the range and higher than the median of the Comparable Companies in the Marine Logistics segment.

8.6 Precedent Privatisation Transactions Analysis

We have also compared the valuation statistics implied by the Exit Offer Price with those of selected recently successful privatisation transactions undertaken by SGX-ST listed companies ("**Selected Transactions**"). In assessing the reasonableness of the Exit Offer Price, we have compared the financial terms of the Exit Offer with those Selected Transactions carried out either by way of voluntary delisting (**VD**) since January 2014 and up to the Latest Practicable Date or general takeover offer (including Scheme of Arrangement (SOA)) (**VGO**) since January 2015 and up to the Latest Practicable Date. We have reviewed transactions, *inter alia*, a comparison of the premium/(discount) of the offer prices over/to the last transacted prices for the shares of these companies prior to the date of the relevant announcements and the NAV/NTA of the companies.

Table 9: Valuation Statistics of Comparable Transactions and the Group

Company	Type	Ann Date	Offer Price (S\$)	Premium/ (discount) over the				Offer Price to NTA/NAV (x)
				Last transacted price prior to ann date (%)	1-month VWAP prior to ann date (%)	3-month VWAP prior to ann date (%)	6-month VWAP prior to ann date (%)	
Popular Holdings Limited	VGO	14-Jan-15	0.320	39.1	39.7	37.3	32.2	1.2 ⁽¹⁾
Keppel Land Limited	VGO	23-Jan-15	4.380 ⁽²⁾	20.0	25.0	28.8	28.2	0.9
Lantrovision Ltd	SOA	27-Jan-15	3.250	47.7	42.8	46.2	56.6	1.5

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Company	Type	Ann Date	Offer Price (S\$)	Premium/ (discount) over the				Offer Price to NTA/NAV
				Last transacted price prior to ann date (%)	1-month VWAP prior to ann date (%)	3-month VWAP prior to ann date (%)	6-month VWAP prior to ann date (%)	
Lizhong Wheel Group Ltd	VGO	17-Aug-15	0.500	96.1	87.3	79.2	92.3	0.6 ⁽³⁾
Chosen Holdings Limited	VGO	1-Sep-15	0.240	21.2	26.3	27.0	33.3	0.8 ⁽⁴⁾
Tiger Airways Holdings Limited ⁽⁵⁾	VGO	6-Nov-15	0.450	45.2	48.5	56.3	50.0	5.4
Interplex Holdings Ltd	VGO	23-Dec-15	0.820	15.5	11.1	13.1	16.5	1.7
China Yongsheng Limited	VGO	24-Feb-16	0.032	52.4	67.4	62.4	56.9	0.7 ⁽⁶⁾
Osim International Ltd	VGO	29-Feb-16 ⁽⁷⁾	1.410	27.0	40.9	42.5	16.7	2.6
Pteris Global Limited	VGO	12-Apr-16	0.735	14.5	19.3	24.6	29.4	1.1 ⁽⁸⁾
China Merchants Holdings Limited	VGO	9-May-16	1.020	22.9	21.9	25.5	20.1	1.1
Eu Yan Sang International Ltd	VGO	16-May-16	0.600	2.6	8.5	16.5	24.7	1.7
SMRT Corporation Ltd	SOA	15-Jul-16	1.680	8.7	10.8	10.7	8.7	n.a.
Sim Lian Group Limited	VGO	8-Aug-16	1.080	14.9	16.6	19.6	21.3	0.8 ⁽⁹⁾
High				96.1	87.3	79.2	92.3	5.4
Low				2.6	8.5	10.7	8.7	0.6
Median				22.5	25.7	27.9	28.8	1.2
Simple Average				30.6	33.3	35.0	34.8	1.7
Chemoil Energy Limited	VD	25-Feb-14	US\$0.400	29.0	31.1	32.5	31.2	1.1
Asia Power Corporation Limited	VD	24-Mar-14	0.160	0.0 ⁽¹⁰⁾	1.2 ⁽¹⁰⁾	2.1 ⁽¹⁰⁾	9.7 ⁽¹⁰⁾	0.6
Action Asia Limited	VD	27-Feb-15	0.190	69.6	68.1	66.7	65.2	0.8 ⁽¹¹⁾
Junma Tyre Cord Company Limited	VD	10-Mar-15	0.200	222.6 ⁽¹⁰⁾	162.3 ⁽¹⁰⁾	174.8 ⁽¹⁰⁾	167.8 ⁽¹⁰⁾	0.9 ⁽¹²⁾
Eastern Holdings Ltd	VD	22-Sep-15	0.425	41.7	41.7	26.8	21.8	0.8 ⁽¹³⁾
Sinotel Technologies Ltd	VD	30-Nov-15	0.128	50.6	30.6	45.5	(4.5)	0.8
China Diary Group Ltd	VD	12-Apr-16	0.195	87.7	96.4	82.5	82.5	1.1 ⁽¹⁴⁾
Otto Marine Limited	VD	2-Jun-16	0.320	39.1	44.9	43.5	42.9	2.3 ⁽¹⁵⁾
High				87.7	96.4	82.5	82.2	2.3
Low				29.0	30.6	26.8	(4.5)	0.6
Median⁽¹⁰⁾				46.2	43.3	44.5	37.0	0.9
Simple Average⁽¹⁰⁾				53.0	52.1	49.6	39.8	1.1
The Group		20-Sep-16	0.420	29.2	38.6	21.0	10.5	0.4⁽¹⁶⁾

Source: Circulars of the respective selected transactions

Notes:

1. Based on RNTA per share of S\$0.2957 as at 31 October 2014.
2. Based on base offer price.
3. Based on RNTA per share of S\$0.86 as at 30 June 2015.
4. Based on RNAV per share of S\$0.2826 as at 30 June 2015.
5. Based on revised offer letter. Time reference in calculating the premium is 5 November 2015 being the last trading date prior to the offer announcement.
6. Based on RNAV per share of S\$0.0489 as at 31 December 2015.
7. Based on the final offer price. Time reference in calculating the premium is based on “unaffected date”, being the last full market day preceding 1 March 2016, which is the date the SGX-ST issued the query regarding trading activity to the Company.
8. Based on RNTA per share of S\$0.686 as at 31 March 2016.
9. Based on RNAV per share of S\$1.382 as at 30 June 2016.

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10. *Excluded as statistical outlier in the computation of the median and simple average computation.*
11. *Based on RNAV per share of S\$0.255 as at 31 March 2015.*
12. *Based on RNTA per share of S\$0.21 as at 31 December 2014.*
13. *Based on RNTA per share of S\$0.515 as at 30 September 2015.*
14. *Based on RNAV per share of S\$0.184 as at 31 December 2015.*
15. *Based on RNTA per share of S\$0.104 as at 31 March 2016.*
16. *Based on the Group's RNAV per Share of approximately \$0.952 as at 30 June 2016 as set out in section 8.4.2 of this Letter.*

For illustrating purposes only, we noted the following:

- (i) the premium of 29.2% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Joint Announcement Date is within the comparable range, higher (more favourable) than the median, and slightly lower (less favourable) than the simple average of the precedent voluntary general offers.
- (ii) the premium of 38.6% for the Group as implied by the Exit Offer Price over 1-month VWAP prior for the Shares prior to the Joint Announcement Date is within the comparable range, higher (more favourable) than the median and the simple average of the precedent voluntary general offers.
- (iii) the premium of 29.2% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Joint Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings.
- (iv) the premium of 38.6% for the Group as implied by the Exit Offer Price over 1-month VWAP prior for the Shares prior to the Joint Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings.
- (v) The Group's Exit Offer Price to RNAV multiple of 0.4x based on the Group's unaudited NTA as at 30 June 2016 was below the range of the precedent voluntary general offers and voluntary delistings.

We wish to highlight that the circumstances for each of the transactions is unique and as the companies of transactions involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Exit Offer and the precedent privatisation transactions serves as an illustrative guide only.

8.7 Dividend Track Record of the Company

For FY2013, the Company paid a first and final dividend of 0.75 cents per share, amounting to S\$3,646,000. For FY2014, the Company paid an interim dividend of 0.25 cents per share, amounting to S\$1,215,000 and a final dividend of 5 cents per share (following the 1 to 10 Share Consolidation exercise), amounting to S\$2,430,000. No dividend had been declared for FY2015 and 1HFY2016 respectively.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

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8.8 Other Relevant Considerations

8.8.1 No revision in Exit Offer Price

Pursuant to **Section 3.1** of the Circular, we noted that the Offeror has stated it does not intend to revise the Exit Offer Price under any circumstances.

8.8.2 Implication of Delisting for Shareholders

Shareholders should note that if the Delisting Resolution is approved in accordance with the requirements of the Listing Manual and all the Delisting Proposal Conditions are satisfied, the Company will be delisted. Following the Delisting, Shareholders who do not accept the Exit Offer will continue to hold shares in the Company, which will then be an unlisted company.

Shareholders should note that shares of unlisted companies are generally valued at discount to the shares of comparable listed companies due to the lack of liquidity. Following the Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely to receive a lower price as compared with the market prices of the shares of comparable listed companies, or as compared with the Exit Offer Price. Furthermore, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six months of the close of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Companies Act and the Company's Constitution.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with the CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Company's Share Registrar, B.A.C.S. Private Limited, will arrange to forward the share certificates to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.

Shareholders who are in doubt of their position should seek independent legal advice.

8.8.3 Compulsory Acquisition of Shares by the Offeror

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the total issued Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**") at a price equal to the Exit Offer Price.

As stated in the Exit Offer Letter, the Offeror intends to make the Company its wholly-owned subsidiary. **Accordingly, if entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.**

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In addition, Shareholders who have not accepted the Exit Offer have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and/or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and/or their respective nominees, comprise 90% or more of the total issued Shares (excluding treasury Shares).

In the event that the Delisting is approved by Shareholders at the EGM but neither the Offeror nor the Dissenting Shareholders are entitled to exercise their rights under Sections 215(1) and 215(3) of the Companies Act, respectively, the Company will be delisted, and the Shareholders who do not accept that Exit Offer will be left holding Shares in an unlisted company.

Shareholders should also note that the Delisting Proposal and Exit Offer will be conditional on the Minimum Acceptance Condition, being the receipt by the Offeror, by the close of the Exit Offer, of valid acceptances in respect of such number of Offer Shares which will result in the Offeror holding more than 50% of the Shares (excluding any Shares held by the Company as treasury Shares) as at the close of the Exit Offer.

Shareholders who are in doubt of their position under Sections 215(1) and 215(3) of the Companies Act are advised to seek their own independent legal advice.

8.8.4 Acceptance Conditions

As stated in the Exit Offer Letter, the Delisting Proposal and Exit Offer will be conditional on:

- (a) receipt of the requisite approval of the SGX-ST for the Delisting;
- (b) the Delisting Resolution Approval Condition
- (c) the Minimum Acceptance Condition
- (d) the ruling given by the SIC waiving the requirement for compliance of the Exit Offer with certain provisions of the Code, and such waiver not being revoked, rescinded or cancelled prior to the close of the Exit Offer; and
- (e) the approval of such other relevant authority as may be required.

If the Delisting Proposal Conditions are not fulfilled, the Exit Offer will lapse and the Company will remain listed on the SGX-ST.

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. However, such acceptances would be conditional upon the Delisting Proposal Conditions being satisfied. If the Delisting Proposal Conditions are not satisfied, the conditions to the Exit Offer will not be fulfilled and the Exit Offer will lapse.

The Exit Offer will be conditional upon the Minimum Acceptance Condition and the Delisting Resolution Approval Condition being satisfied, and receipt of the requisite approval of the SGX-ST for the Delisting.

As stated above, Shareholders are to note that if the Delisting Proposal Conditions are not fulfilled, the Delisting will not proceed and the Company will remain listed on the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

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8.8.5 Irrevocable Undertaking

As at the Latest Practicable Date, the Offeror has obtained MHY Irrevocable Undertaking and Relevant Irrevocable Undertakings, in which the Undertaking Shareholders have undertaken to vote in favour of the Delisting Resolution and accept the Exit Offer in respect of all Shares held by them. The Undertaking Shareholders hold an aggregate of 14,139,766 Shares, representing approximately 29.088% of the total issued share capital of the Company. The respective shareholdings of each Undertaking Shareholders are set out in **Section 12** of the Circular.

Upon the Undertaking Shareholders accepting the Exit Offer, and tendering their acceptance in accordance to the MHY Irrevocable Undertaking and the Relevant Irrevocable Undertakings, the Offeror would be able to receive acceptances of at least 29.088% of the Offer Shares. In addition, the aggregate shareholding which will vote in favour of the Delisting Resolution at the EGM will be at least 29.088% of the total issued share capital of the Company.

8.8.6 Confirmation of Financial Resources

MKES, the financial adviser to the Offeror in respect of the Exit Offer, has confirmed that the Offeror has sufficient financial resources to satisfy full acceptance of the Exit Offer for the Offer Shares at the Exit Offer Price (excluding the MHY Shares in view of the MHY Irrevocable Undertaking).

8.8.7 No Competing Offer Received

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no competing offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

9. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the Exit Offer, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment including, *inter alia*, the following:

(a) Rationale for the Delisting Proposal

We have considered the rationale for the Delisting Proposal and they appear to be based on sound commercial grounds.

(b) Financial performance and position of the Group

Declining financial performance and net losses incurred for FY2015 and 1H2016

The Group recorded net losses of S\$20.0 million in FY2015 and S\$11.6 million in 1H2016, due to global uncertainty in the macro economy that resulted in the Group recording substantial impairment losses for its vessels, marine equipment and intangible assets and increase its provisions for inventory obsolescence, doubtful debts and others.

(c) General economic conditions and outlook of the industry

We noted in the interim financial results announcement for 1H2016, the Company had expressed that:

“The world economy is still in sluggish state. Coupled with the volatile currency and uncertain market, we anticipate that the economy to be slow in the recovery process and that it is unlikely for the markets relevant to the Group to have any significant improvement in the near future. The management will continue to review the processes to improve efficiencies and exercise prudence over cost control.”

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(d) Historical Share price performance and trading liquidity

Share price trending downwards after the Share Consolidation and capital reduction exercise

Since the Share Consolidation and capital reduction exercise in May 2015, the Share price had been on a downward trend. We noted that the downward trend in the Share price corresponded to the decline in the financial performance of the Group, registering losses for four consecutive quarters, beginning from the 3rd quarter of 2015. The Group's losses were mainly due to losses incurred in the Group's Materials and Marine Logistics segment as a result of protracted weakness in the global marine industry as well as a sharp decline in the results of the Group's Electronics segment mainly due to increased provisions for inventory obsolescence.

From July 2016 to the Latest Practicable Date, the Share price had been trading below the Exit Offer Price.

Exit Offer Price comparison to historical Share price

The Exit Offer Price is at approximately 38.6%, 21.0% and 10.5% premium to the VWAP for the Shares for the period 1-month, 3-months and 6-months prior to the Joint Announcement Date respectively, but at a discount of 13.2% to the VWAP for the Shares for the period 12-months prior to the Joint Announcement Date. The Exit Offer Price is at a premium of 29.2% from the last transacted price of S\$0.325 per Share on the last full day of trading prior to the Joint Announcement Date.

Low trading volume for the Shares

We noted that the average daily trading volume of the Shares of 0.02% of its free float for 12-months, 6-months and 3-months were only higher than two of the top 10 constituents of FTSE ST Fledging Index prior to the Joint Announcement Date, it was approximately 1/10th of the simple average daily trading volume of 0.30% for the top 10 constituents in the FTSE ST Fledging Index as at 30 November 2016 for the 12-months and much lesser for the 6-months and 3-months periods.

We noted that the trading volume of the Shares on the SGX-ST had generally been low in the past 12 months prior to the Joint Announcement Date and ending on the Latest Practicable Date and the Exit Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity.

(e) The Group's NAV/RNAV and NTA/RNTA

Exit Offer Price to NAV and RNAV

The Group's P/NAV and P/RNAV were approximately 0.40x and 0.44x respectively. The Group's P/NTA and P/RNTA were 0.42x and 0.44x respectively.

Historical Share price had consistently been trading at a discount to NAV per Share

We noted that the Share Price had consistently traded at a discount of between 28.5% and 75.6% to the trailing NAV per Share over the 24-month period up to the Joint Announcement Date. In particular, we noted that since 31 December 2015, the average quarterly discounts of the Share Price to NAV per Share were between 64.5% and 66.7%, which were higher (less favourable) than the discount of 59.7% for the Exit Offer Price to NAV per Share as at 30 June 2016.

Comparison of the Exit Offer Price to RNAV per Share against Comparable Companies

The Group's P/RNAV of 0.4x was below the range of the Comparable Companies in the Electronics segment.

APPENDIX I – IFA LETTER

The Group's P/RNAV of 0.4x was within the range and higher than the median and simple average of the Comparable Companies in the Marine Logistics segment.

Comparison of the Exit Offer Price to RNAV per Share against precedent privatisation transactions

The Group's Exit Offer Price to RNAV multiple of 0.4x based on the Group's unaudited NAV as at 30 June 2016 was below the range of the precedent voluntary general offers and voluntary delistings.

Nonetheless, we wish to highlight that the circumstances for each of the transactions is unique and as the companies of transactions involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited.

Comparison of the discount of the Exit Offer Price to RNAV against share price to NAV of Conglomerate Companies

We note that the discount of the Exit Offer Price to the RNAV of the Group as at 30 June 2016 is slightly lower than the median and slightly higher than the simple average of the discount of the share price to NAV of the Conglomerate Companies.

Book value or revalued book value may not be fully realisable and may deteriorate further

Shareholders should note that the NAV/NTA may not be fully realisable at its book value or revalued value, especially within a short time frame, given that the assets held by the Group is very specialised and the market value of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such specialised assets. Also, the NAV/NTA of the Group may deteriorate further if the Group continues to incur losses after 30 June 2016.

(f) Relative valuation analysis

The Group's performance ratio were less favorable compared to the Comparable Companies

The Group's T12 ROE and T12 net profit/loss margin were negative as the Group incurred unaudited losses of S\$33.8 million and negative EBITDA of S\$20.2 million respectively for the trailing 12-month period ended 30 June 2016 and was below the range (less favourable) of the Comparable Companies in the Electronics segment.

The Group's T12 ROE was below the range (less favourable) but the T12 net profit/loss margin was within the range and above the median (more favourable) of the Comparable Companies in the Marine Logistics segment. We also noted that the majority of the Comparable Companies in the Marine Logistics segment were loss-making.

Higher leverage ratios against the Comparable Companies

The Group's total liabilities to shareholder equity ratio of 2.0x was above the range (less favourable) of the Comparable Companies in the Electronics segment and was within the range and higher than the median (less favourable) of the Comparable Companies in the Marine Logistics segment.

The Group's total borrowings to shareholder equity ratio of 0.6x was at the high end of the range (less favourable) of the Comparable Companies in the Electronics segment and within the range and below the median (more favourable) of the Comparable Companies in the Marine Logistics segment.

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(g) Precedent privatisation transactions

Comparison of Exit Offer Price against precedent privatisation transactions

- (i) The premium of 29.2% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Joint Announcement Date is within the comparable range, higher (more favourable) than the median but slightly lower (less favourable) than the simple average of the precedent voluntary general offers;
- (ii) the premium of 38.6% for the Group as implied by the Exit Offer Price over 1-month VWAP for the Shares prior to the Joint Announcement Date is within the comparable range, higher (more favourable) than the median and the simple average of the precedent voluntary general offers;
- (iii) the premium of 29.2% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Joint Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings; and
- (iv) the premium of 38.6% for the Group as implied by the Exit Offer Price over 1-month VWAP for the Shares prior to the Joint Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings.

We wish to highlight that the circumstances for each of the transactions is unique and as the companies of transactions involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Exit Offer and the precedent privatisation transactions serves as an illustrative guide only.

(h) Dividend track record of the Company

For FY2013, the Company paid a first and final dividend of 0.75 cents per share, amounting to S\$3,646,000. For FY2014, the Company paid an interim dividend of 0.25 cents per share, amounting to S\$1,215,000 and a final dividend of 5 cents per share (following the 1 to 10 share consolidation exercise), amounting to S\$2,430,000. No dividend had been declared for FY2015 and 1HFY2016 respectively.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

(i) Other relevant considerations

No revision in Exit Offer Price

Pursuant to **Section 3.1** of the Circular, we note that the Offeror has stated it does not intend to revise the Exit Offer Price.

No Competing Offer Received

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no competing offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

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10. RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and carefully considered the analysis set out in this letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

Shareholders should note that the Exit Offer is conditional upon the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM, the Minimum Acceptance Condition and the requisite approval of the SGX-ST for the Delisting having been received). If any of the conditions to the Exit Offer is not satisfied, the Exit Offer will lapse, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST.

Accordingly, we advise the Independent Directors to recommend that Shareholders should vote in favour of the Delisting Resolution. In the event that the Delisting Resolution is passed, the Independent Directors should recommend that Shareholders to either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice of Stirling Coleman on the Exit Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of Stirling Coleman's review and also, such advice, if given, would not fall within Stirling Coleman's terms of reference in connection with the Exit Offer.

This Letter (for inclusion in the Circular) is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Exit Offer and for compliance by the Company with Rule 1309 of the Listing Manual. The recommendation made by the Independent Directors to the Shareholders remains the responsibility of the Independent Directors.

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

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

ANG LIAN KIAT
MANAGING DIRECTOR

YAP YEONG KEEN
MANAGING DIRECTOR

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. DIRECTORS

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

<u>Name</u>	<u>Address</u>	<u>Designation</u>
Michael Mun Hong Yew	31 Ubi Road 1 #09-01 Singapore 408694	Group CEO and Chairman
Jeremy Mun Weng Hung	31 Ubi Road 1 #09-01 Singapore 408694	Executive Director and Senior Vice President
Philip Tan Tee Yong	31 Ubi Road 1 #09-01 Singapore 408694	Lead Independent Director
Khoo Ho Tong	31 Ubi Road 1 #09-01 Singapore 408694	Independent Director
Tan Teik Seng	31 Ubi Road 1 #09-01 Singapore 408694	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at 31 Ubi Road 1, #09-01, Singapore 408694.

3. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 6 August 1986 and is listed on the Official List of the SGX-ST. The Group is principally engaged in the businesses of electronics and LED lighting manufacturing, contract manufacturing, material supply and marine logistics, and food and beverage retail and supplies

4. SHARE CAPITAL OF THE COMPANY

4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$77,929,440.16 comprising 48,609,243 issued Shares and 2,400,100 treasury Shares).

4.2 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution, which are available for inspection at the Company's registered office at 31 Ubi Road 1, #09-01, Singapore 408694. The relevant provisions have been extracted from the Constitution and are reproduced in **Appendix III** to this Circular. Capitalised terms and expressions not defined in this **Appendix III** have the meanings ascribed to them in the Constitution and/or the Companies Act.

4.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 23 November 2012.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

4.4 Options

There are no other outstanding instruments convertible into, rights to subscribe for, and options in respect of, the Shares, as at the Latest Practicable Date.

4.5 Transfer Restrictions

There is no restriction in the Constitution on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

5. FINANCIAL INFORMATION

5.1 Consolidated Income Statements

A summary of the audited consolidated income statements of the Group for FY2013, FY2014 and FY2015, and the unaudited consolidated income statement of the Group for HY2016 is set forth below.

	Audited FY2013 S\$'000	Audited FY2014 S\$'000	Audited FY2015 S\$'000	Unaudited HY2016 S\$'000
Revenue	241,146	329,868	318,895	135,194
Cost of sales	(209,383)	(294,687)	(285,490)	(119,738)
Gross profit	31,763	35,181	33,405	15,456
Other operating income	2,171	1,411	2,474	622
Selling and distribution costs	(6,243)	(6,178)	(6,586)	(2,885)
Administrative expenses				
Impairment loss on vessels and marine equipment	(450)	–	(11,139)	(6,848)
Impairment loss on intangible assets	–	–	–	(1,729)
Allowance for inventory obsolescence and inventories written off	–	(22)	(7,521)	–
Fair value loss on derivative financial instruments	–	–	(1,654)	(176)
Other administrative expenses	(18,465)	(21,287)	(25,469)	(14,398)
	(18,915)	(21,309)	(45,783)	(23,151)
Finance costs	(1,270)	(1,901)	(1,992)	(744)
Profit (Loss) before income tax	7,506	7,204	(18,482)	(10,702)
Income tax	(1,036)	(1,428)	(1,489)	(934)
Profit (Loss) for the year	6,470	5,776	(19,971)	(11,636)
Other comprehensive income:				
Items that may be reclassified subsequently into profit or loss				
Exchange differences on translation of foreign operations	1,116	821	(476)	(1,031)
Available-for-sale financial assets	(27)	2	(280)	111
Other comprehensive income (loss) for the year, net of tax	1,089	823	(756)	(920)
Total comprehensive income (loss) for the year	7,559	6,599	(20,727)	(12,556)

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Audited FY2013 S\$'000	Audited FY2014 S\$'000	Audited FY2015 S\$'000	Unaudited HY2016 S\$'000
Profit (Loss) attributable to:				
Owners of the Company	6,470	5,776	(19,917)	(11,636)
Total comprehensive income (loss) attributable to:				
Owners of the Company	7,559	6,599	(20,727)	(12,556)
Earnings (Loss) per share (cents)				
- Basic	13.31	11.88	(41.08)	(23.94)
- Diluted	13.31	11.88	(41.08)	(23.94)
Net dividend per Share (cents)	7.5	7.5	–	–

5.2 Balance Sheet

A summary of the audited consolidated balance sheet of the Group as at 31 December 2014 and 31 December 2015, and the unaudited consolidated balance sheet of the Group as at 30 June 2016 is set out below.

	Audited as at 31 December 2014 S\$'000	Audited as at 31 December 2015 S\$'000	Unaudited as at 30 June 2016 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	20,483	25,915	14,403
Trade receivables	60,967	71,580	57,147
Other receivables and prepayments	8,642	9,085	8,471
Tax recoverable	70	599	409
Held for trading investments	2,485	2,532	–
Available-for-sale financial assets	1,992	2,302	606
Vessels classified as held for sale	–	17,906	9,020
Inventories	48,374	36,318	33,416
Total current assets	143,013	166,237	123,472
Non-current assets			
Trade receivables	148	25	2
Other receivables and prepayments	1,075	1,056	1,175
Property, plant and equipment	70,202	29,668	25,770
Available-for-sale financial assets	412	323	323
Deferred tax assets	8	–	–
Intangible assets	5,055	4,361	1,674
Total non-current assets	76,900	35,433	28,944
Total Assets	219,913	201,670	152,416

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

	Audited as at 31 December 2014 S\$'000	Audited as at 31 December 2015 S\$'000	Unaudited as at 30 June 2016 S\$'000
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	55,118	60,557	27,524
Finance leases	403	372	372
Trade payables	54,206	61,950	60,213
Other payables	8,609	8,308	7,678
Derivative financial instruments	700	2,855	2,887
Income tax payable	147	408	431
Total current liabilities	119,183	134,450	99,105
Non-current liabilities			
Borrowings	12,775	2,909	1,691
Finance leases	1,202	715	576
Deferred tax liabilities	355	347	347
Total non-current liabilities	14,332	3,971	2,614
Capital and reserves			
Share capital	121,450	77,929	77,929
Treasury shares	(5,894)	(5,894)	(5,894)
Investment revaluation reserve	64	(216)	(105)
Foreign currency translation reserve	(8,740)	(9,216)	(10,247)
Retained earnings (accumulated losses)	(20,482)	646	(10,986)
Total equity	86,398	63,249	50,697
Total liabilities and equity	219,913	201,670	152,416

5.3 Consolidated NTA per Share

The Consolidated NTA per Share of the Group based on the unaudited consolidated financial statements of the Group for HY2016 is S\$1.01. As at the Latest Practicable Date, the Directors are not aware of any material changes which may affect the above stated Consolidated NTA per Share.

5.4 Significant Accounting Policies and Changes

As at the Latest Practicable Date, there are no significant accounting policies nor any points from notes of the accounts of the Group which are of major relevance for the interpretation of the financial statements of the Group referred to in this Circular.

As at the Latest Practicable Date, there is no change in the accounting policies of the Group which will cause the figures disclosed in this **Appendix II** to be not comparable to a material extent.

5.5 Material Changes in Financial Position

Save as set out in publicly available information on the Group, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 30 June 2016, being the date to which the Company's last published unaudited financial statements were made up.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

6. DISCLOSURE OF INTERESTS

6.1 Shareholdings

- (a) The Company or its subsidiaries does not have any direct or deemed interest in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror, as at the Latest Practicable Date.
- (b) Neither the Company nor its subsidiaries have dealt for value in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (c) As at the Latest Practicable Date, save for Mr Michael Mun Hong Yew, none of the Directors has any direct or deemed interests in any (i) shares of the Offeror or (ii) convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.
- (d) None of the Directors has dealt for value in any (i) Shares and (ii) convertible securities, warrants, options or derivatives in respect of any Shares during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date, save that AVS Technologies Pte Ltd, in which Mr Michael Mun Hong Yew is the sole shareholder and sole director, has made on-market purchases of Shares during the aforesaid period, the details of which have been announced on SGXNET.
- (e) Save as disclosed below, none of the Directors has any direct or indirect interest in the (i) Shares or (ii) convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾	No. of Shares	% of Issued Shares ⁽¹⁾
Directors						
Michael Mun Hong Yew ⁽²⁾	11,636,566	23.94	2,389,800	4.92	14,026,366	28.86
Jeremy Mun Weng Hung	104,400	0.21	–	–	104,400	0.21
Philip Tan Tee Yong	60,000	0.12	–	–	60,000	0.12
Khoo Ho Tong	80,600	0.17	–	–	80,600	0.17
Tan Teik Seng	8,410	0.02	–	–	8,410	0.02
Substantial Shareholders (excluding Directors)						
–	–	–	–	–	–	–

Notes:

(1) Calculated based on 48,609,243 issued Shares (excluding treasury Shares) as at the Latest Practicable Date.

(2) Mr Michael Mun Hong Yew is deemed interested in Shares held by AVS Technologies Pte Ltd.

6.2 Directors' Intentions in relation to the Exit Offer

Pursuant to the Irrevocable Undertakings, Mr Michael Mun Hong Yew and Mr Jeremy Mun Weng Hung have irrevocably undertaken to vote all their respective Shares in favour of the Delisting Resolution at the EGM to be convened in connection with the Delisting and that they will accept the Exit Offer.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

6.3 Other Disclosures

- (a) There are no service contracts between any of the Directors or proposed directors with the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation. There are no such service contracts entered into or amended by the Company or its subsidiaries during the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date.
- (b) It is not proposed that any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.
- (c) Save as disclosed in this Circular, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

6.4 Material Contract

Save as disclosed in this Circular, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror as at the Latest Practicable Date.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons (as defined in the Note on Rule 23.12 of the Code) during the period commencing three years prior to the Joint Announcement Date and ending on the Latest Practicable Date.

“Interested Person” is defined in Rule 23.12 of the Code as:

- (a) ***a director, chief executive officer or substantial shareholder of the Company;***
- (b) ***the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the Company;***
- (c) ***the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;***
- (d) ***any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more;***
- (e) ***any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or***
- (f) ***any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.”***

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation as plaintiff or defendant which might materially and adversely affect its financial position and the Directors are not aware of any proceedings (pending or threatened) against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

9. MATERIAL CHANGE IN INFORMATION

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

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

SHARES

5. Subject to the Statutes, no shares may be issued without the prior approval of the Company in General Meeting but subject thereto and to these Articles relating to new shares and to any special right attached to any share for the time being issued, the Directors may allot (with or without conferring any right of renunciation), grant options over or otherwise dispose of the same to such persons on such terms and conditions (including such consideration) and at a premium or otherwise and at such time as the Directors determine Provided Always that:
 - (a) no shares may be issued at a discount except as approved by the Company in General Meeting and in accordance with the Statutes; and
 - (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
- 6(1). The Company in General Meeting may by Ordinary Resolution authorise the Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held whichever is the earlier but may be previously revoked or varied by the Company in General Meeting Provided Always that no shares may be issued to transfer a controlling interest without prior approval of the Company in General Meeting.
- 6(2). Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has entered in the Register as the holder thereof or before such share is entered against the name of a Depositor in Depository Register, as the case may be, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of such share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit.
7. Any share in the Company may be issued with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the Statutes, the Company may issue preference shares which are or, at the option of the Company, are liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine Provided Always that the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares for the time being.
8. In the event of the Company at any time issuing preference capital it shall at the same time indicate whether it reserves the right to issue further preference capital ranking equally with or in priority to the preference capital then already issued.
9. Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourth of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

10. Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six month in arrears.
11. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the holder for the time being of the share or his legal personal representative.
12. The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, for any share in the capital of the Company but such commission shall not exceed ten per cent of the price at which the shares are issued or an amount equivalent thereof. Any such commission may be paid in whole or in part in cash or fully or partly paid shares of the Company at par as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any share in the Company, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price not being less than par. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the Statutes shall be observed, so far as applicable.
- 13(1). The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.
- 13(2). Subject to Article 13(1), any two or more persons may be registered as joint holders of any share and the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls and interest (if any) due in respect of such share.
- 13(3). The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.
14. No person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the entirety thereof in the registered holder or in the person whose name is entered in the Depository Register in respect of that share, as the case may be, except only where these Articles otherwise provide or as required by the Statutes or pursuant to any order of Court.
15. No person shall exercise any rights of a Member in respect of a share until his name shall have been entered in the Register as the registered holder thereof or in the Depository Register in respect of such share, as the case may be, and, unless the Directors otherwise determine, such person shall have paid all calls and other moneys for the time being due and payable on any share held by him.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

16. Subject to and in accordance with the provisions of the Statutes, the Company may purchase or otherwise acquire shares in the issued share capital of the Company on such terms and in such manner as the Company may from time to time think fit. Any share which is so purchased or acquired by the Company as aforesaid shall be dealt with in such manner as may be permitted by, and in accordance with the Statutes.

STOCK

52. The Company in General Meeting may by Ordinary Resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.
53. When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. But the Directors may if they think fit from time to time fix the minimum amount of stock transferable Provided Always that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
54. The several holders of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held the shares from which the stock arose, but so that none of such rights, privileges or advantage, except the participation in the dividends, profits and assets of the Company, shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.
55. All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words "shares" shall include "stock", and "Depositor", "Member" and "shareholder" shall include "stockholder".

ALTERATION OF CAPITAL

- 60(1). The Company may be by Ordinary Resolution:
- (a) consolidate and divide its capital into shares of larger amount than its existing shares; or
 - (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
 - (c) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by the Constitution. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or
 - (d) subject to the Statutes, convert any class of shares into any other class of shares.
- 60(2). The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any requirement authorised and consent required by law.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

GENERAL MEETINGS

66. In addition to any other meetings, a General Meeting shall be held once at least in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.
67. The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.
68. The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.
69. The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes.
70. The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:
 - (a) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.
 - (b) If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.
 - (c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.
 - (d) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.
71. Subject to the Statutes relating to the convening of meetings to pass Special Resolutions and agreements for shorter notice, at least fourteen clear days' notice specifying the place, day and hour of the meeting, and in case of special business, a notice setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members other than such as are not entitled under these Articles to receive such notices from the Company and the Exchange. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen clear days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least three days' notice of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
72. Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting, provided that at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than three nor more than fourteen intervening days.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

73. Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed.
74. The accidental omission to give any notice to or non-receipt of any notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting.

PROCEEDINGS AT GENERAL MEETINGS

75. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the remuneration of Directors, the election of the Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors.
76. Save as is herein otherwise provided, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum is present at the commencement of the business. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 91.
77. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place. At the adjourned meeting, any two or more Members present in person or by proxy shall be a quorum.
78. The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director or, if no Director be present or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.
79. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
80. At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:
- (a) the Chairman of the meeting; or
 - (b) not less than two Members present in person or by proxy and entitled to vote; or
 - (c) a Member or Members present in person or by proxy, holding or representing, as the case may be:
 - (i) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or
 - (ii) shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

- 81(1). If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 81(2). No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.
82. Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 83(1). No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
- 83(2). If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.
84. In case of any equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

VOTES OF MEMBERS

- 85(1). Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:
- (a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman to decide which proxy shall be entitled to vote where a Member is represented by two proxies; and
 - (b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.
- 85(2). For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.
86. In case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.
87. Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

88. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.
89. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 90(1). A proxy need not be a Member.
- 90(2). A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where the Member is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depositor Register as at the Cut-Off Time as certified by the Depository to the Company;
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
 - (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- 90(3). In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
91. Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.
92. An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:
- (1) in the case of an individual shall be signed by the appointor or his attorney;
 - (2) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
93. Where an instrument appointing a proxy is signed on behalf of the appointor by any attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

94. The signature on an instrument of proxy need not be witnessed.
95. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting.
96. An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.
97. Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

DIVIDENDS

135. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.
136. The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.
137. No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.
138. The declaration of the Directors as to the net profits of the Company shall be conclusive.
139. The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.
140. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.
141. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.
142. Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

143. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.
144. In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.
145. Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.
146. Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.
147. All dividends unclaimed for one year after having been declared, may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

CAPITALISATION OF PROFITS AND RESERVES

- 148(1). The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other and the Directors shall give effect to such resolution Provided Always that a capital redemption reserve fund may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to such holders as fully paid bonus shares unless otherwise permitted by the provisions of the Act.

APPENDIX III – PROVISIONS IN THE CONSTITUTION RELATING TO THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL, DIVIDENDS AND VOTING

148(2). Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.

WINDING UP

168. The Directors shall have the power to present a petition to the court in the name and on behalf of the Company for the Company to be wound up.
169. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
170. If the Company shall be wound up, the liquidators may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any share or other consideration receivable by the Liquidators amongst the Members otherwise than in accordance with their existing rights; and any such determination, shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.
171. On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by the Members. The amount of such payment shall be notified to all Members at least seven days prior to the meeting at which it is to be considered.

Report to Aztech Group Limited

Valuation of Selected Properties

and

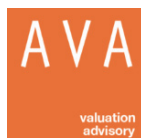
Desktop Review of Balance Sheet Accounts

for

Preparation of Revalued Net Asset Value

as at

30 June 2016



APPENDIX IV – VALUATION REPORT



12 December 2016

AVA Associates Limited
806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

Asia Valuation & Advisory Services Pte Ltd
138 Cecil Street
#08-03 Cecil Court
Singapore 069538

To
Board of Directors
AZTECH GROUP LIMITED
31 Ubi Road 1
#09-01
Singapore 408694

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited (“AVA”) has performed a desktop analysis to **review the value of balance sheet items and valuation of selected properties belonging to Aztech Group Limited (“Aztech” or the “Company”) as at 30 June 2016 (“Valuation Date”), in relation a proposed voluntary delisting exercise as announced by the Company on 20 September 2016.** The purpose of this engagement is to assist Aztech in their assessment of the revalued net asset value (“RNAV”) of the Company, and inclusion in a circular to the shareholders of the Company in relation to the proposed delisting exercise. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the assets, our efforts were based on the following premise of value:

Fair Value - *The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*

Scope of the Engagement

Proposed Transaction

On 20 September 2016, Aztech, listed on the Stock Exchange of Singapore, announced that it has received an offer of S\$0.42 per share in a proposed delisting exercise.

Scope of Work

Following our discussions with the Company, AVA has been engaged to assist the Company in its preparation of a revalued balance sheet, namely to arrive at the RNAV of the Company, allowing the Board of Directors of Aztech (the “Board”) to assess the delisting offer. Our work consisted of the following items:

- Review and comment on the value of balance sheet items; and
- Valuation of leasehold property located at 15D Pandan Road, Singapore 408694 (“Leasehold Property”) and freehold property at 125 Paya Lebar Road, Singapore 534838 (“Freehold Property”) (together, the “Properties”).

Our valuation and report is prepared in accordance with the International Valuation Standards (2011 edition) as published by the International Valuation Standard Committee and Valuation Standards and Guidelines as published by the Singapore Institute of Surveyors and Valuers. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning operational and financial aspects of the Company;
- Review of information, including historical and projected financial information, provided by the Company;
- Discussions with management to understand in more detail the current status and proposed business of the Company, including its tangible and intangible characteristics;
- Gain a more thorough understanding of the assets and liabilities of the Company;
- Development of valuation model to estimate the Fair Value, where applicable, including gathering market and industry information in support of various assumptions;
- Analysis of conditions in, and the economic outlook for the businesses; and
- Review and valuation of the identified assets.

Sources of Information

As part of our due diligence, we relied upon documents supplied by the management of the Company, including, but not limited to, the following:

- Annual report of the Company for the fiscal year ending 31 December 2015;
- Unaudited financial statements of the Company, for the 6 months ending 30 June 2016;
- Detailed breakdown of the Trade Receivables, Prepayments/Other Receivables and Inventories as at 31 December 2014, 31 December 2015 and 30 June 2016;
- Details of the equipment as at 30 June 2016;
- Details of the Properties;
 - Lease agreement; and
 - Site and floor plans;
- Valuation report on the Leasehold Property conducted as at 31 December 2015;
- Valuation report on the Freehold Property conducted as at 28 August 2014;
- Valuation reports on the Company's derivatives as at 30 June 2016;
- Valuation report on the Company's vessels as at 30 June 2016; and
- Other relevant documentations.

We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Company, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

This report comprises:

- A. This letter, which describes the nature and extent of the review and valuation investigation, and presents the conclusion of value;
- B. A narrative report, which sets forth the history and nature of the operations, a description of valuation theory, and a presentation and correlation of the valuation techniques employed, and the conclusion of value; and
- C. The attached Schedules.

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Conclusion

Based on the information provided, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Fair Value of the Properties is reasonably represented as follows.

Asset	Value (S\$)
Leasehold Property	4,000,000
Freehold Property	2,100,000
TOTAL	6,100,000

Following our review of the balance sheet items, we are also of the opinion of that the fair value of the Intangible Assets, carried at a book value of S\$1,674,000 as at Valuation Date, is appropriately stated as NIL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Following our review of the balance sheet items and valuation of the Properties, we inputted the figures into the balance sheet as at 30 June 2016 to help the Company calculate a revalued balance sheet.

Based on the information provided and analysis conducted, the RNAV of the Company as at Valuation Date is calculated to be S\$46,262,000, as presented in the table below.

	UNAUDITED 30-Jun-16 S\$'000	REVALUED 30-Jun-16 S\$'000		UNAUDITED 30-Jun-16 S\$'000	REVALUED 30-Jun-16 S\$'000
ASSETS			LIABILITIES AND EQUITY		
Current assets:			Current liabilities:		
Cash and bank balances	14,403	14,403	Trade payables	60,213	60,213
Trade receivables	57,147	57,147	Other payables and provisions	7,678	7,678
Other receivables and prepayments	8,471	8,471	Income tax payable	431	431
Tax recoverable	409	409	Borrowings	27,896	27,896
Available-for-sale financial assets	606	606	Derivative financial instruments	2,887	2,887
Held for trading investments	-	-	Total current liabilities	99,105	99,105
Vessels held for sale	9,020	9,020	Non-current liabilities:		
Inventories	33,416	33,416	Borrowings	2,267	2,267
Total current assets	123,472	123,472	Deferred tax liabilities	347	347
Non-current assets:			Total non-current liabilities	2,614	2,614
Trade receivables	2	2	Total liabilities	101,719	101,719
Other receivables and prepayments	1,175	1,175	Net Assets	50,697	46,262
Investment in subsidiaries	-	-			
Available-for-sale financial assets	323	323			
Property, plant and equipment	25,770	23,009			
Intangible assets	1,674	-			
Total non-current assets	28,944	24,509			
Total assets	152,416	147,981			


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The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company.

We appreciate the opportunity to provide our valuation services. Please do not hesitate to contact us if you have any questions or if we can be of further assistance concerning this engagement. A copy of this report is retained in our files together with the data from which it was prepared.

Respectfully submitted,

AVA Associates Limited

A handwritten signature in black ink that reads "AVA Associates". The letters are cursive and somewhat stylized, with the 'A's being particularly prominent.

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1

Introduction

Engagement

AVA Associates Limited (“AVA”) has performed a desktop analysis to **review the value of balance sheet items and valuation of selected properties belonging to Aztech Group Limited (“Aztech” or the “Company”) as at 30 June 2016 (“Valuation Date”), in relation a proposed voluntary delisting exercise as announced by the Company on 20 September 2016.** The purpose of this engagement is to assist Aztech in their assessment of the revalued net asset value (“RNAV”) of the Company, and inclusion in a circular to the shareholders of the Company in relation to the proposed delisting exercise. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the assets, our efforts were based on the following premise of value:

Fair Value - *The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*

Proposed Transaction

On 20 September 2016, Aztech, listed on the Stock Exchange of Singapore, announced that it has received an offer of S\$0.42 per share in a proposed delisting exercise.

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Overview of Aztech Group

Below is an extract taken from the Company's website:

"Headquartered in Singapore, Aztech is a dynamic international group with key activities in Electronics Design & Manufacturing, LED Lighting, Material Supply & Marine, as well as F&B Retail & Supplies."

Scope of Work

AVA has been engaged to assist the Company in its preparation of a revalued balance sheet, namely to arrive at the RNAV of the Company, allowing the Board of Directors of Aztech (the "Board") to assess the delisting offer. Our work consisted of the following items:

- Review and comment on the value of balance sheet items; and
- Valuation of leasehold property located at 15D Pandan Road, Singapore 408694 ("Leasehold Property") and freehold property at 125 Paya Lebar Road, Singapore 534838 ("Freehold Property") (together, the "Properties").

Our valuation and report is prepared in accordance with the International Valuation Standards (2011 edition) as published by the International Valuation Standard Committee and Valuation Standards and Guidelines as published by the Singapore Institute of Surveyors and Valuers. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning operational and financial aspects of the Company;
- Review of information, including historical and projected financial information, provided by the Company;
- Discussions with management to understand in more detail the current status and proposed business of the Company, including its tangible and intangible characteristics;
- Gain a more thorough understanding of the assets and liabilities of the Company;
- Development of valuation model to estimate the Fair Value, including gathering market and industry information in support of various assumptions;
- Analysis of conditions in, and the economic outlook for the businesses; and
- Review and valuation of the identified assets.

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Sources of Information

As part of our due diligence, we relied upon documents supplied by the management of the Company, including, but not limited to, the following:

- Annual report of the Company for the fiscal year ending 31 December 2015;
- Unaudited financial statements of the Company, for the 6 months ending 30 June 2016;
- Detailed breakdown of the Trade Receivables, Prepayments/Other Receivables and Inventories as at 31 December 2014, 31 December 2015 and 30 June 2016;
- Details of the equipment as at 30 June 2016;
- Details of the Properties;
 - Lease agreement; and
 - Site and floor plans;
- Valuation report on the Leasehold Property conducted as at 31 December 2015;
- Valuation report on the Freehold Property conducted as at 28 August 2014;
- Valuation reports on the Company's derivatives as at 30 June 2016;
- Valuation report on the Company's vessels as at 30 June 2016; and
- Other relevant documentations.

We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Company, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

2

Valuation Theory

Introduction

Assets that are special purpose in nature may have little value if marketed piecemeal, yet may provide a substantial contribution to the business. This value can be estimated, and is termed value-in-use or value as part of a going concern.

In an acquisition, a prudent investor is typically not as interested in the liquidation value of the individual assets, but rather in the contribution the assets make to future income streams or cash flows. Therefore, the premise of value-in-use is the proper basis for estimating fair value in the purchase of a continuing business.

During the course of our work, we held discussions with management concerning the history, nature, and future prospects of the Company and its assets. Management provided certain historical and projected financial information. In the course of our valuation analysis, we relied upon such information as well as on information from various public, financial, and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects. However, as is customary in the valuation profession, the scope of our work will not enable us to accept responsibility for the accuracy and completeness of such provided information.

Since the procedures we performed as related to the financial statements and projections on this assignment are limited in scope, and do not constitute an examination, review, or compilation of historical information in accordance with generally accepted auditing standards or an examination, review, or compilation of prospective information in accordance with established standards, we do not express an opinion on the financial, statistical, or other data provided by management included in our summary of findings.

3

General Valuation Overview

The methods commonly used to develop approximate indications of value for a business or asset are the income, market, and cost approaches.

Income Approach

The income approach focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Market Approach

The market approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis. The market approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly-traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these

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multiples to the appropriate financial measures of the subject company. The recent transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach

The cost approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Approach

Valuation of the Properties

Given the property type, we primarily relied on the income and market approaches to arrive at the value conclusion of the Properties.

Review of Selected Balance Sheet Items

We conducted a limited scope review of these balance sheet items in accordance with generally accepted practice and relevant literature. The objective is to provide a best estimate of their fair values based on the information gathered.

4

Review of Selected Balance Sheet Items

Methodology

We conducted a limited scope review of these balance sheet items in accordance with generally accepted practice and relevant literature. The objective is to provide a best estimate of their fair values based on the information gathered. As these items are current assets, the cost approach is the most appropriate as it seeks to determine the value to replace such assets.

The steps taken to verify the fair value of these items includes, but is not limited to the following:

- Requested for the detailed breakdown of each asset class;
- Examined of the items in each asset class;
- Discussed with the Company on the history of and recorded values in each asset class;
- Determined the recoverability of the amounts, where appropriate; and
- Stated the value of each asset class.

Trade Receivables

We were provided with the detailed ageing of the Company’s Trade Receivables as at 31 December 2015 and 30 June 2016. A summary is provided below.

30 June 2016 (Unaudited)

(amounts in S\$ '000)

Total	Current	1-30 Days Past Due	31-60 Days Past Due	Above 60 Days Past Due	Provision
57,149	50,174	5,758	1,026	1,486	(1,295)

31 December 2015 (Audited)

(amounts in S\$ '000)

Total	Current	1-30 Days Past Due	31-60 Days Past Due	Above 60 Days Past Due	Provision
71,605	53,825	12,557	3,754	2,257	(788)

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31 December 2014 (Audited)

(amounts in S\$ '000)

Total	Current	1-30 Days Past Due	31-60 Days Past Due	Above 60 Days Past Due	Provision
61,115	44,193	12,297	3,815	1,511	(701)

Summary of Trade Receivables Ageing (Before Provision)

(amounts in S\$ '000)

Date	Total Before Provision	Current	1-30 Days Past Due	31-60 Days Past Due	61+ Days Past Due
30 June 2016	58,444	50,174	5,758	1,026	1,486
	100.0%	85.8%	9.9%	1.8%	2.5%
31 December 2015	72,393	53,825	12,557	3,754	2,257
	100.0%	74.4%	17.3%	5.2%	3.1%
31 December 2014	61,816	44,193	12,297	3,815	1,511
	100.0%	71.5%	19.9%	6.2%	2.4%

The Company made a provision for doubtful debt of S\$426,000 for the 6-month period ending 30 June 2016. This amount is significantly higher than the annual amounts provisioned in the Company's previous fiscal years. Given the relatively short time frame between December 2015 and June 2016, it was represented to us that the provision made for the period up to Valuation Date has been made with due consideration to the quality of the receivables and is sufficient to reflect the collectability of this asset class. Our analysis of the breakdown for the 3 periods shown above, particularly the amounts that are classified under "61+ Days Past Due", does concur with the Company's decision. We thus applied the book value amount as the fair value of Trade Receivables.

Prepayments & Other Receivables

We were provided with the breakdown of this balance sheet account as at 30 June 2016. A summary is provided below.

30 June 2016 (Unaudited)

(amounts in S\$ '000)

Total	Prepayments	Other Receivables
9,646	1,361	8,285

Based on the information we gathered, the various amounts are namely for deposits, insurance and taxes, all employed in the normal course of business of the Company. The largest amount of Other Receivables is S\$5,823,614, recorded as "VAT Recoverable", largely value-added tax recoverable in China. There is also a deposit of S\$945,529 related to the land use right for the Company's property in Dongguan, China. It is reasonable to apply book value amount as the fair value of Prepayments & Other Receivables.

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Inventories

We were provided with the breakdown and ageing of this balance sheet account as at 30 June 2016. A summary is provided below.

30 June 2016 (Unaudited)

(amounts in S\$ '000)

Type of Inventory	Total	0-30 Days	31-90 Days	91-180 Days	181-270 Days	271-365 Days
Raw Materials	15,941	9,222	4,191	1,444	796	288
	100.0%	57.9%	26.3%	9.1%	5.0%	1.8%
Work in Progress	5,438	5,163	81	12	177	5
	100.0%	94.9%	1.5%	0.2%	3.3%	0.1%
Finished Goods	12,037	7,316	2,821	1,098	407	395
	100.0%	60.8%	23.4%	9.1%	3.4%	3.3%
Total	33,416	21,701	7,093	2,554	1,380	688
	100.0%	64.9%	21.2%	7.6%	4.1%	2.1%

The Company had made a write-off of S\$4,831,000 for its year ending 31 December 2015. We understand that in view of the business conditions and product life cycles, the Company has made another provision of S\$845,000 for the 6-month period ending 30 June 2016. Our analysis of the breakdown of the Inventories suggests that the book value of S\$33,416,000 approximates its fair value.

Vessels Held For Sale

The book value of this asset class is S\$9,020,000 as at Valuation Date. We were provided with an independent valuation report that accorded a value of S\$9,475,000, as at Valuation Date, to 26 vessels belonging to the Company. We reviewed that report and are of the same view as the valuers as to the continued deterioration of the marine transportation industry since the oil crisis in 2014. It is reasonable for the Company to record a value of S\$9,020,000 as the fair value as at Valuation Date. It is very likely that any current revaluation of the same assets will result in a significantly lower value as the general economic conditions have worsened.

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Intangible Assets

We were provided with the breakdown of the Intangible Assets account as at 31 December 2015 and 30 June 2016. A summary is provided below.

30 June 2016 (Unaudited)

(amounts in S\$ '000)

	Total	Deferred Development Cost	Brand
Book Value	1,674	1,674	-
Fair Value	-	-	-

31 December 2015 (Audited)

(amounts in S\$ '000)

	Total	Deferred Development Cost	Brand
Book Value	4,361	2,636	1,725
Fair Value	4,361	2,636	1,725

Deferred Development Cost

This amount is a summation of capitalized expenses relating to product developments. We understand that the Company's internal calculations on the expected cashflows from those developments, taking into account the increasingly competitive environment for those products, a global economic slowdown and shortened product life cycle, do not indicate a positive net present value. In line with those factors, the Company has stopped capitalizing this expense in order to better reflect its financial position. We thus believe it is reasonable to attribute a NIL value to this intangible asset.

Brand

This asset is a result of the Company's acquisition of "Kay Lee Roast Meat" business in 2014 with its value derived from a set of financial projections as at acquisition date. As the business has not performed as forecasted in those projections, it is reasonable for the Company to write down the value of this asset.

Property, Plant & Equipment

We were provided with the breakdown of this asset class as at 31 December 2015 and 30 June 2016. A summary is provided below.

Property, Plant & Equipment – Book Values (2015 and 2016)

(amounts in S\$ '000)

	30 June 2016	31 December 2015
Leasehold Property	6,703	12,649
Factory Building	4,446	
Freehold Property	2,158	2,158
Computer and Office Equipment	825	685
Factory Equipment	6,870	8,239
Factory Furniture & Fittings	1,002	1,099
Marine Equipment	163	856
Office Furniture & Fittings	1,416	1,803
R&D Equipment and Tools	137	181
Software	460	365
Motor Vehicles	1,590	1,633
Total	25,770	29,668

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Property, Plant & Equipment – Book and Fair Values as at 30 June 2016

(amounts in S\$ '000)

	Book Value	Fair Value	Note
Leasehold Property	6,703	4,000	A valuation has been carried out by AVA and discussed in the next section.
Factory Building	4,446	4,446	Assumed book value approximates fair value as a reasonable accounting and depreciation policy has been adopted by the Company for the assets.
Freehold Property	2,158	2,100	A valuation has been carried out by AVA and discussed in the next section.
Computer and Office Equipment	825	825	Assumed book value approximates fair value.
Factory Equipment	6,870	6,870	Assumed book value approximates fair value as S\$4,586,000 of equipment (representing about 67% of the total value) was purchased recently in 2015 and a reasonable depreciation policy has been adopted by the Company for such assets.
Factory Furniture & Fittings	1,002	1,002	Assumed book value approximates fair value.
Marine Equipment	163	163	Assumed book value approximates fair value.
Office Furniture & Fittings	1,416	1,416	Assumed book value approximates fair value.
R&D Equipment and Tools	137	137	Assumed book value approximates fair value.
Software	460	460	Assumed book value approximates fair value.
Motor Vehicles	1,590	1,590	Assumed book value approximates fair value.
Total	25,770	23,009	

Conclusion of Review

The unaudited balance sheet and revalued balance sheet of the Company are presented in Exhibit 1.

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Valuation of the Properties

Leasehold Property

Subject Property

Based on information provided by the Company:

<i>Address</i>	:	15D Pandan Road, Singapore 408694
<i>Type</i>	:	A Part 4 / Part 6-Storey JTC Detached Factory with open yard & jetty
<i>Legal Description</i>	:	MK5-3924M
<i>Tenure</i>	:	Leasehold 8 Years 8 Months 29 Days (wef 16/07/2010)
<i>Land Area</i>	:	22,368.0 sq m (or 240,767 sq ft)
<i>Floor Area</i>	:	5,083.0 sq m (or 54,713 sq ft) or thereabout, subject to final survey. (Excludes open yard area of 169,714 sq ft)
<i>Land Rent</i>	:	S\$36,348.00 per month (Exclusive of 7% GST)
<i>Water Frontage Fee</i>	:	S\$33,246.48 per month (Exclusive of 7% GST)
<i>Annual Value</i>	:	S\$2,845,000/- (For Year 2016)
<i>Permitted Usage</i>	:	Ship repairs & marine logistics
<i>Occupancy Status</i>	:	Owner-Occupied

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Planning Provision

Based on the 2014 Master Plan, the subject property is sited on land zoned as “Business 2”. Official Master Plan Zoning, Road and Drainage Interpretation Plans have not been applied for.

Location and Locality

<i>Neighbourhood</i>	:	Mainly private & JTC industrial estates.
<i>City Services</i>	:	Available within the vicinity.
<i>Public Transport</i>	:	Available along Pandan Road & Jalan Buroh.
<i>Prominent Developments</i>	:	Poh Tiong Choon Logistics Hub, SHC Industrial Building, CWT Pandan Logistics Centre, Wasco Centre, Pantech Business Hub, Tien Wah Press Industrial Building, etc.
<i>Overall Comment</i>	:	Close proximity to Ayer Rajah Expressway (AYE) & Pan-Island Expressway (PIE). Clementi & Jurong East MRT Stations are within close proximity.

Description of Subject Property

<i>Land Description</i>	:	<p>The subject plot is regular in shape with driveway to the open yard and jetty. The waterfront shoreline is approximately 274.0 metres long.</p> <p>The subject plot is bounded by brickwall / chain-linked fencings with entry via automatic metal main gates.</p>						
<i>Building Description</i>	:	The building is constructed of reinforced concrete frame with brick in-fill walls, metal wall claddings, reinforced concrete floors and concrete / metal roofing.						
<i>Accommodations</i>	:	Guard house / reception area / general office area / office rooms / meeting rooms / conference rooms / pantry area / toilets / observation deck / directors' rooms / storerooms / workshops / storage area / open yard						
<i>Finishes</i>	:	<table><tr><td><i>Floors</i></td><td>Marble tiles / carpet / homogenous tiles / ceramic / raised timber platform / cement screed</td></tr><tr><td><i>Walls</i></td><td>Emulsion paint / ceramic tiles / textured walls / wallpapers / partition boards</td></tr><tr><td><i>Ceilings</i></td><td>Emulsion paint / ceiling boards / false ceiling with downlights</td></tr></table>	<i>Floors</i>	Marble tiles / carpet / homogenous tiles / ceramic / raised timber platform / cement screed	<i>Walls</i>	Emulsion paint / ceramic tiles / textured walls / wallpapers / partition boards	<i>Ceilings</i>	Emulsion paint / ceiling boards / false ceiling with downlights
<i>Floors</i>	Marble tiles / carpet / homogenous tiles / ceramic / raised timber platform / cement screed							
<i>Walls</i>	Emulsion paint / ceramic tiles / textured walls / wallpapers / partition boards							
<i>Ceilings</i>	Emulsion paint / ceiling boards / false ceiling with downlights							

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<i>Fixtures & Fittings</i>	:	Automatic metal main gate, aluminum framed windows, timber doors, glass doors, roller shutters, cassette / centralised unit air-conditioning, feature walls & partitions, high & low pantry cabinets, vanity tops, cabinets & shelves, awnings, etc.
<i>Other Improvements</i>	:	Overhead cranes installed.
<i>Services / Facilities</i>	:	All main Public Utilities and Telecommunication services are connected.
<i>Overall Comment</i>	:	As at the date of inspection, the subject property is in a average state of external and internal repairs and maintenance.

Basis and Method of Valuation

Our valuation is our opinion of the current open market value, which we would define as intended to mean "the best price" at which an interest in a property might reasonably be expected to be sold at the date of valuation, assuming: -

- a. a willing seller, willing buyer;
- b. no account is to be taken of an additional bid by a purchaser with a "special interest";
- c. that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of price and terms for the completion of the sale; and
- d. that the price reflects the state of the market and other circumstances at the date of valuation.

For the purpose of this report, the Direct Comparison Approach and Income Capitalisation Approach to value were adopted.

In Direct Comparison Approach, sales and listings of similar properties in the vicinity and elsewhere are used as guides to value after relevant valuation adjustments are made for differences in location, land area, land shape, land tenure, floor area, condition of building, market conditions, age of the property, waterfront shoreline, improvements done, etc.

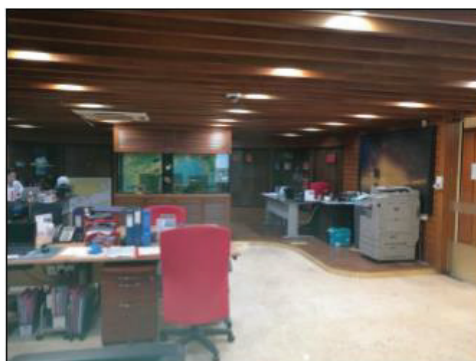
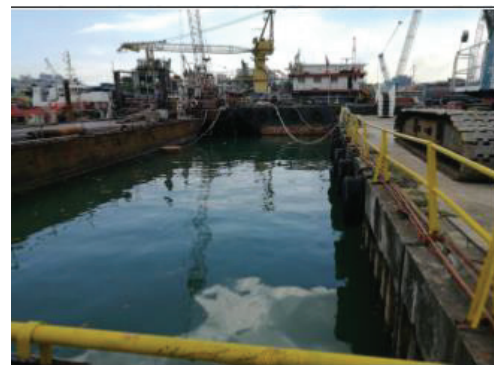
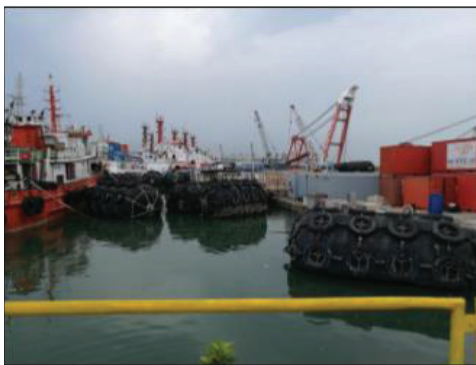
In Income Capitalisation Approach to value, we had based on the current fair & reasonable rental values of similar properties in similar neighbourhoods, subject to relevant valuation adjustments and deductions for any outgoings such as property tax, cost of maintenance/ repairs and future vacancy allowances. The resultant nett income is then capitalised over the unexpired lease term using an appropriate rate according to the current market condition

APPENDIX IV – VALUATION REPORT

Valuation Conclusion

Having considered the above, the prevailing market conditions and other relevant valuation factors, we are of the considered opinion that the open market value of the subject property free from all encumbrances for financial reporting purpose only is **S\$4,000,000/- Singapore Dollars Four Million Only**.

Photographs

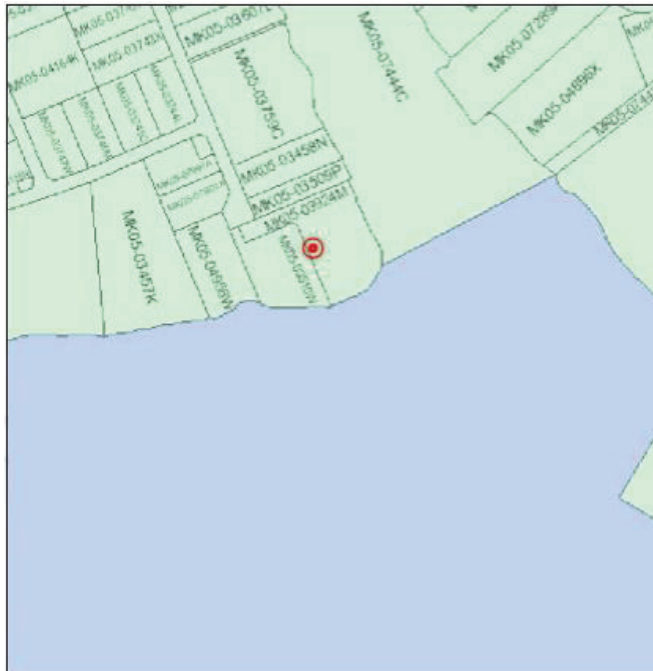


APPENDIX IV – VALUATION REPORT

Location Plan (Not to Scale)



Subject
Property



APPENDIX IV – VALUATION REPORT

Freehold Property

Subject Property

Based on information provided by the Company:

<i>Address</i>	:	125 Upper Paya Lebar Road, Singapore 534838
<i>Type</i>	:	A ground floor shop unit
<i>Legal Description</i>	:	MK 24-U19824K
<i>Tenure</i>	:	Freehold
<i>Floor Area</i>	:	122.0 sq m (1,313 sq ft)
<i>Occupancy Status</i>	:	Owner Occupied
<i>Age</i>	:	Circa 1970's but renovated.
<i>Usage</i>	:	Eating House

Planning Provision

Based on 2014 Master Plan, the subject property is sited on land zoned as "Residential with Commercial at 1st Storey". Official Master Plan Zoning, Road and Drainage Interpretation Plans have not been applied for.

Location and Locality

<i>Neighbourhood</i>	:	Mainly industrial developments, private residential estates and some shophouses nearby.
<i>City Services</i>	:	Available within the vicinity.
<i>Public Transport</i>	:	Available along Upper Paya Lebar Road.
<i>Prominent Developments</i>	:	Asiawide Industrial Building, Kapo Factory Building, Trivex, Tai Seng Centre, Pixel Red Industrial Building, Oasis Garden, Botanique At Bartley, etc.
<i>Comments</i>	:	Close proximity to Pan-Island Expressway (PIE) and Kallng Paya Lebar Expressway (KPE). Tai Seng MRT station is within close proximity.

APPENDIX IV – VALUATION REPORT

Description of Subject Property

<i>Accommodations</i>	:	Seating area / kitchen / yard/ toilets / store	
<i>Finishes</i>	:	<i>Floors</i>	Homogeneous tiles / ceramic
		<i>Walls</i>	Emulsion paint / ceramic / partition boards / glass panels
		<i>Ceilings</i>	Emulsion paint / ceiling boards
<i>Fixtures & Fittings</i>	:	Aluminum framed windows & grilles, timber doors, wash hand basin, wall fans, kitchen sink supports and kitchen utensils, roller shutters, etc.	
<i>Orientation</i>	:	Main entrance faces North-East direction.	
<i>Services/ Facilities</i>	:	All main Public Utilities and Telecommunication services are connected.	
<i>Overall Comments</i>	:	As at the date of inspection, the subject property was in a good state of external and internal repairs and maintenance.	

Basis and Method of Valuation

Our valuation is our opinion of the open market value, which we would define as intended to mean "the best price" at which an interest in a property might reasonably be expected to be sold at the date of valuation, assuming: -

- a. a willing seller, willing buyer;
- b. no account is to be taken of an additional bid by a purchaser with a "special interest";
- c. that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of price and terms for the completion of the sale; and
- d. that the price reflects the state of the market and other circumstances at the date of valuation.

For the purpose of this report, the Direct Comparison Approach to value is adopted. In this approach, sales and listings of similar properties in the vicinity and elsewhere are used as guides to value after relevant valuation adjustments are made for differences in location, date of sale, floor area, market conditions, building condition, shop frontage, traffic flow volume, usages, etc.

APPENDIX IV – VALUATION REPORT

Valuation Conclusion

Having considered the above, the prevailing market conditions and other relevant valuation factors, we are of the considered opinion that the current open market value of the subject property free from all encumbrances for financial reporting purpose only is ***S\$2,100,000/- Singapore Dollars Two Million And One Hundred Thousand Only.***

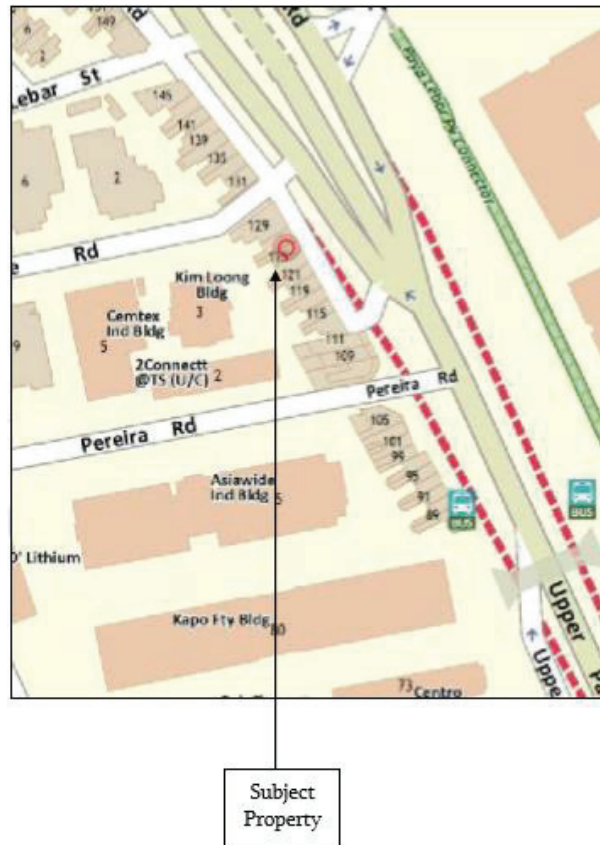
This Valuation Report is issued subject to the limiting conditions as attached.

APPENDIX IV – VALUATION REPORT

Photographs



Location Plan (Not to Scale)



6

Summary of Review and Valuation

Based on the information provided, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Fair Value of the Properties is reasonably represented as follows.

Asset	Value (S\$)
Leasehold Property	4,000,000
Freehold Property	2,100,000
TOTAL	6,100,000

We are also of the opinion of that the fair value of the Intangible Assets, carried at a book value of S\$1,674,000 as at Valuation Date, is appropriately stated as NIL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Following our review of the selected balance sheet items and valuation of the Properties, we inputted the figures into the balance sheet as at 30 June 2016 to help the Company calculate a revalued balance sheet.

Based on the information provided and analysis conducted, the RNAV of the Company as at Valuation Date is calculated to be S\$46,262,000, as presented in the following table.

APPENDIX IV – VALUATION REPORT

	UNAUDITED 30-Jun-16 S\$'000	REVALUED 30-Jun-16 S\$'000		UNAUDITED 30-Jun-16 S\$'000	REVALUED 30-Jun-16 S\$'000
ASSETS			LIABILITIES AND EQUITY		
Current assets:			Current liabilities:		
Cash and bank balances	14,403	14,403	Trade payables	60,213	60,213
Trade receivables	57,147	57,147	Other payables and provisions	7,678	7,678
Other receivables and prepayments	8,471	8,471	Income tax payable	431	431
Tax recoverable	409	409	Borrowings	27,896	27,896
Available-for-sale financial assets	606	606	Derivative financial instruments	2,887	2,887
Held for trading investments	-	-	Total current liabilities	99,105	99,105
Vessels held for sale	9,020	9,020	Non-current liabilities:		
Inventories	33,416	33,416	Borrowings	2,267	2,267
Total current assets	123,472	123,472	Deferred tax liabilities	347	347
Non-current assets:			Total non-current liabilities	2,614	2,614
Trade receivables	2	2	Total liabilities	101,719	101,719
Other receivables and prepayments	1,175	1,175	Net Assets	50,697	46,262
Investment in subsidiaries	-	-			
Available-for-sale financial assets	323	323			
Property, plant and equipment	25,770	23,009			
Intangible assets	1,674	-			
Total non-current assets	28,944	24,509			
Total assets	152,416	147,981			

This report and the observations and analyses are intended solely for use by the company and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Company.

**Exhibit 1 – Unaudited and Revalued Balance Sheet as at
30 June 2016**

APPENDIX IV – VALUATION REPORT

	UNAUDITED 30-Jun-16 S\$'000	REVALUED 30-Jun-16 S\$'000		UNAUDITED 30-Jun-16 S\$'000	REVALUED 30-Jun-16 S\$'000
ASSETS			LIABILITIES AND EQUITY		
Current assets:			Current liabilities:		
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Property, plant and equipment	25,770	23,009			
Intangible assets	1,674	-			
Total non-current assets	28,944	24,509			
Total assets	152,416	147,981			

**Exhibit 2 - Statement of General Assumption and
Limiting Conditions**

APPENDIX IV – VALUATION REPORT

This analysis is subject to the following general assumptions and limiting conditions:

Valuation - General

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.
3. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of AVA or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company and its financial accounting firm, by any means without the prior written consent and approval of AVA.
4. This appraisal has been made in conformance with the International Valuation Standards issued by the International Valuation Standards Council.
5. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
6. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.
7. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the United States Dollar as of that date.
8. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.
9. Full compliance with all applicable federal, state, and local zoning and use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
10. Responsible ownership and competent management are assumed.
11. The value estimate is predicated on the financial structure prevailing as of the date of this analysis.
12. This report may not be included or referred to in any statutory filing or other public document.
13. This is a Summary Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the valuation professional's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the valuation professional's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The valuation professional is not responsible for unauthorized use of this report.

APPENDIX IV – VALUATION REPORT

Valuation - Property

1. This valuation is prepared in accordance with the Valuation Standards and Guidelines published by the Singapore Institute of Surveyors and Valuers.
2. Our responsibility in connection with this valuation report is limited to our client or person to whom this report is addressed and to that client only. We disclaim all responsibility and accept no liability to any other person(s) or party should this report be used by any such person(s) or party or for any.
3. Any action, claim or proceedings arising out of the engagement of services shall be brought against the Firm with whom the Client has engaged and not against any employee, director or sub-contractor of the Firm involved directly or indirectly in the delivery of the Services.
4. Any liability arising from the Valuer's negligence (if any) in connection with this engagement shall be limited to the amount of fees received for this engagement.
5. The report is considered invalid if there is non-payment of the valuation fees. We shall not be responsible and accept no liability of the report if payment is not received within 30 days from the date of report.
6. Each valuation is current as at the Valuation Date only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. We also do not assume any responsibility or accept liability where this valuation is relied upon after the expiration of three months from the Valuation Date.
7. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of the valuation stated in the report and may not be used for any other purpose.
8. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we accept no responsibility if this information should later prove not to be so.
9. We may adopt assumptions in the valuation being carried out as some matters cannot be calculated accurately or fall outside the scope of our expertise. The risk that any of the assumptions adopted in our valuation may be incorrect should be taken into account. While all reasonable care is taken, we does not warrant or represent that the assumptions on which this valuation is based are accurate or correct.
10. Neither the whole nor any part of this report nor any reference to it may be included in any document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.
11. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation of other hidden defects. We have also not made any tests to the building services (e.g. air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc.) and these services are presumed to be in good working order.

APPENDIX IV – VALUATION REPORT

12. Our valuation assumes that the title(s) is(are) in good order and marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).
13. We have not conducted a land survey to verify the land boundaries and site areas and whether all developments and improvements are within such boundaries. We have assumed, unless otherwise stated, that all developments and improvements are within the boundaries of such land parcel as described in this report and the land parcel is fully owned by the property owner.
14. Any plans or map included in this report are meant for identification purposes and to assist the reader in visualizing the subject property. We have not made any survey of the property and assume no responsibility in connection with such matters.
15. Unless otherwise instructed, we do not carry out requisition with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements, drainage proposal, etc.
16. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
17. Our valuation is prepared on the basis that the premises and any works (e.g. alterations and additions) thereto comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a statutory completion by the Building Authority.
18. Our valuation assumes that all development charges and maintenance/service/conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
19. Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property(ies).
20. In the event that we are instructed to provide a valuation based on kerb-side inspection and/or without the extent of information normally available, our valuation will be dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should the information prove to be incorrect or inadequate, the accuracy of the valuation may be affected and we shall not be held responsible for the inaccuracy of the valuation.
21. We shall not be required to give testimony or to appear in court for any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.

Exhibit 3 - Valuer's Professional Declaration

APPENDIX IV – VALUATION REPORT

The following valuers certify, to the best of their knowledge and belief, that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; and
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the International Valuation Standards published by the International Valuation Standards Committee.

Thomas Chua
Director

Fiona Tay
Associate Director

Perry Teo
Licensed Appraiser
AD041-2009516J

NOTICE OF EXTRAORDINARY GENERAL MEETING

AZTECH GROUP LTD.
(Incorporated in Singapore)
(Company Registration No. 198601642R)

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the circular to Shareholders dated 22 December 2016.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of Aztech Group Ltd. ("**Company**") will be held at 12th floor Conference Room, Aqueen Hotel Paya Lebar, 33 Jalan Afifi, Singapore 409180 on 6 January 2017 at 2.00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Rule 1307 Resolution**");

DELISTING RESOLUTION

Approval for the Voluntary Delisting of the Company

That:

- (1) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual ("**Delisting Proposal**"), pursuant to which the Exit Offer would be made to the shareholders of the Company on the terms and conditions set out in the Circular, be and is hereby approved; and
- (2) the directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Rule 1307 Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board

Michael Mun Hong Yew
Group CEO and Chairman
22 December 2016

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the extraordinary general meeting ("**Meeting**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore.

2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
6. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
7. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at 31 Ubi Road 1, #09-01, Singapore 408694 not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.
8. For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the Directors have determined that it is more practicable for the depositor proxy form to be delivered to, collected, collated, reviewed and checked at the Company's registered office at 31 Ubi Road 1, #09-01, Singapore 408694 and as such will be counted as valid in regards to this meeting pursuant to the Company's Constitution. The depositor proxy form, duly completed, must be deposited by the depositor(s) at the abovementioned office of the Company's Share Registrar in Singapore not less than 72 hours before the commencement of the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

AZTECH GROUP LTD.
(Incorporated in Singapore)
(Company Registration No. 198601642R)

Important:

CPF Investors

- a. For investors who have used their CPF money to buy Shares in Action Asia Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- b. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- c. CPF investors who wish to attend the EGM as OBSERVERS must submit their requests through their respective CPF Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the timeframe specified. (Agent Banks: Please see Note 9 on required format.) Any voting instructions must also be submitted to their Agent Banks within the timeframe specified to enable them to vote on the CPF investor's behalf.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 22 December 2016.

*I/We, _____ (Name) *NRIC/Passport/Co. Reg. No. _____

of _____ (address)

being a *member/members of AZTECH GROUP LTD. ("**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

*and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

or failing *him/them the Chairman of the Extraordinary General Meeting of the Company ("**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held at 12th floor Conference Room, Aqueen Hotel Paya Lebar, 33 Jalan Afifi, Singapore 409180 on 6 January 2017 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolution to be proposed at the Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

Please indicate your vote "For" or "Against" with an "X" within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate.

No.	Resolution	Number of Votes for	Number of Votes against
1.	To approve the voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual		

Date this _____ day of _____ 2016/2017

Total Number of Shares held in :	
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate Shareholder

* Please delete accordingly

IMPORTANT: PLEASE READ THE NOTES OVERLEAF



PROXY FORM

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore.

2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 31 Ubi Road 1, #09-01, Singapore 408694 not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as observers are requested to submit in writing, a list of details of the members' names, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 22 December 2016.