

CIRCULAR DATED 3 MARCH 2021

**THIS CIRCULAR IS ISSUED BY INTERNATIONAL PRESS SOFTCOM LIMITED (“COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE INDEPENDENT FINANCIAL ADVISER. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

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

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or the 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 CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Company has opted for electronic dissemination of this Circular. Please note that no printed copies of this Circular will be despatched to Shareholders. Only printed copies of the notice regarding the electronic dissemination of this Circular will be despatched to Shareholders.

This Circular has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (“**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)



**INTERNATIONAL PRESS SOFTCOM LIMITED**

(Company Registration No.: 197201169E)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

in relation to the

**VOLUNTARY CONDITIONAL OFFER**

by

**UOB KAY HIAN PRIVATE LIMITED**

(Company Registration No. 197000447W)  
(Incorporated in the Republic of Singapore)

for and on behalf of

**ZHCC INVESTMENT HOLDINGS PTE. LTD.**

(Company Registration No.: 202035309G)  
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already held by the Offeror

*Independent Financial Adviser to the Independent Directors of the Company*



**XANDAR CAPITAL PTE. LTD.**

(Company Registration No.: 200002789M)  
(Incorporated in the Republic of Singapore)

**SHAREHOLDERS SHOULD NOTE THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 31 MARCH 2021**

---

## TABLE OF CONTENTS

---

DEFINITIONS .....	3
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS .....	8
INDICATIVE TIMELINE .....	9
LETTER TO SHAREHOLDERS.....	10
1. INTRODUCTION.....	10
2. THE OFFER.....	11
3. INFORMATION ON THE OFFEROR.....	18
4. IRREVOCABLE UNDERTAKING .....	19
5. RATIONALE FOR THE OFFER.....	20
6. OFFEROR'S INTENTIONS FOR THE COMPANY .....	22
7. COMPULSORY ACQUISITION, LISTING STATUS AND OFFER DECLARED UNCONDITIONAL IN ALL RESPECTS .....	22
8. FINANCIAL ASPECTS OF THE OFFER.....	23
9. DISCLOSURES OF INTERESTS .....	24
10. CONFIRMATION OF FINANCIAL RESOURCES .....	28
11. DIRECTORS' INTERESTS .....	28
12. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER.....	28
13. RECOMMENDATION OF THE INDEPENDENT DIRECTORS.....	30
14. OVERSEAS SHAREHOLDERS .....	31
15. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS .....	33
16. ACTION TO BE TAKEN BY SHAREHOLDERS .....	33
17. CONSENT.....	33
18. DIRECTORS' RESPONSIBILITY STATEMENT .....	34
19. DOCUMENTS AVAILABLE FOR INSPECTION.....	34
20. ADDITIONAL INFORMATION .....	34
APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER.....	I - 1
APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY.....	II - 1
APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR.....	III - 1
APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019.....	IV - 1
APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020 .....	V - 1

---

## TABLE OF CONTENTS

---

APPENDIX VI – LETTER FROM THE IFA IN RELATION TO THE FORECAST STATEMENTS ..VI – 1	
APPENDIX VII – LETTER FROM THE INDEPENDENT AUDITORS OF THE COMPANY IN RELATION TO THE FORECAST STATEMENTS ..VII - 1	
APPENDIX VIII – BASES AND ASSUMPTIONS OF THE FORECAST STATEMENTS .....VIII - 1	
APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION.....IX - 1	

---

## DEFINITIONS

---

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

<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority of Singapore
<b>“Cash Consideration”</b>	:	S\$0.045 in cash for each Offer Share
<b>“Catalist”</b>	:	The sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	:	The SGX-ST Listing Manual Section B: Rules of Catalist in force as at the Latest Practicable Date
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 3 March 2021 issued by the Company to the Shareholders in relation to the Offer
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers
<b>“Companies Act”</b>	:	The Companies Act (Cap. 50) of Singapore
<b>“Company”</b>	:	International Press Softcom Limited
<b>“Company Securities”</b>	:	(i) Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of Shares or securities which carry voting rights in the Company
<b>“Concert Group”</b>	:	Shall have the meaning ascribed to it in Section 3.1 of the Offer Document, as reproduced in Section 4 of this Circular
<b>“Constitution”</b>	:	The constitution of the Company, as amended from time to time up to the Latest Practicable Date
<b>“CPF”</b>	:	The Central Provident Fund
<b>“CPF Agent Banks”</b>	:	Agent banks included under the CPFIS
<b>“CPFIS”</b>	:	The Central Provident Fund Investment Scheme
<b>“CPFIS Investors”</b>	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date
<b>“Dissenting Shareholders”</b>	:	Has the meaning ascribed to it in Section 7.2 of this Circular
<b>“Encumbrances”</b>	:	Any claims, charges, equities, mortgages, liens, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
<b>“FAA”</b>	:	Forms of Acceptance and Authorisation for Offer Shares, which form part of the Offer Document and which are issued to Shareholders whose Offer Shares are deposited with CDP

---

## DEFINITIONS

---

<b>“FAT”</b>	:	Forms of Acceptance and Transfer for Offer Shares, which form part of the Offer Document and which are issued to Shareholders whose Offer Shares are not deposited with CDP
<b>“Final Closing Date”</b>	:	5.30 p.m. (Singapore time) on 31 March 2021, being the last day for the lodgement of acceptances of the Offer
<b>“Forecast Statements”</b>	:	Has the meaning ascribed to it in Appendix VIII of this Circular
<b>“FY”</b>	:	Financial year ended or ending on, as the case may be, 31 December of a particular year as stated
<b>“FY2019 Results”</b>		The audited consolidated financial statements of the Group for FY2019, as set out in the annual report of the Company published on the SGXNET on 8 April 2020 and reproduced in Appendix IV to this Circular
<b>“FY2020 Results”</b>	:	The unaudited consolidated financial statements of the Group for FY2020, as set out in Appendix V to this Circular
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“IFA” or “Xandar Capital”</b>	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors
<b>“IFA Letter”</b>	:	The letter dated 3 March 2021 from the IFA to the Independent Directors containing its advice in relation to the Offer, as set out in Appendix I to this Circular
<b>“Independent Directors”</b>	:	The Directors who are considered to be independent for the purposes of the Offer, namely, Mr. Tiong Choon Hieng Steven, Mr. Neo Gim Kiong and Mr. Loh Yih
<b>“INT SFRS(I)”</b>	:	Has the meaning ascribed to it in Paragraph 10.4 of Appendix II to this Circular
<b>“Interested Person”</b>	:	As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"><li>(a) a director, chief executive officer, or Substantial Shareholder of the company;</li><li>(b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;</li><li>(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;</li><li>(d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;</li><li>(e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or</li></ul>

---

## DEFINITIONS

---

- (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
- “Irrevocable Undertaking”** : Shall have the meaning ascribed to it in Section 3.2 of the Offer Document, as reproduced in Section 4 of this Circular
- “Latest Practicable Date”** : 1 March 2021, being the latest practicable date prior to the electronic dissemination of this Circular
- “Listing Manual”** : The listing manual of the SGX-ST
- “New Offeror Shares”** : New Offeror Shares to be issued and allotted by the Offeror pursuant to the Shares Consideration
- “Offer”** : The voluntary conditional offer made by UOBKH for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended or revised from time to time by or on behalf of the Offeror
- “Offer Announcement”** : The announcement relating to the Offer issued by UOBKH, for and on behalf of the Offeror, on the Offer Announcement Date
- “Offer Announcement Date”** : 28 January 2021, being the date of the Offer Announcement
- “Offer Consideration”** : The Cash Consideration and the Shares Consideration
- “Offer Document”** : The offer document dated 17 February 2021, and any other document(s) which may be issued for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time, including the FAA and/or the FAT, as the case may be
- “Offer Shares”** : All Shares other than those already held by the Offeror as at the date of the Offer
- “Offeror”** : ZHCC Investment Holdings Pte. Ltd.
- “Offeror Securities”** : (i) Offeror Shares;
- (ii) securities which carry voting rights in the Offeror; or
- (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Offeror) or derivatives in respect of Offeror Shares or securities which carry voting rights in the Offeror
- “Offeror Shares”** : Ordinary shares in the capital of the Offeror
- “Overseas Shareholders”** : Shareholders whose addresses are outside Singapore, as shown in the Register or the Depository Register
- “Register”** : The register of holders of the Shares, as maintained by the Share Registrar

---

## DEFINITIONS

---

“SFA”	:	The Securities and Futures Act (Cap. 289) of Singapore
“SFRS(I)”	:	Has the meaning ascribed to it in Paragraph 10.4 of Appendix II to this Circular
“SGXNET”	:	The Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	M & C Services Private Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“Shares Consideration”	:	One New Offeror Share per Offer Share which the Offeror shall allot and issue fully paid-up and free from all Encumbrances, at the issue price of S\$0.045 per New Offeror Share
“SRS”	:	The Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to SRS
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“Unconditional Announcement”	:	The announcement issued on 24 February 2021 by UOBKH for and on behalf of the Offeror in relation to, <i>inter alia</i> , the Offer being declared unconditional in all respects, the level of acceptances of the Offer, and the Final Closing Date
“UOBKH”	:	UOB Kay Hian Private Limited, financial adviser to the Offeror in relation to the Offer
“%” or “per cent.”	:	Per centum or percentage

Unless otherwise defined, the terms “**acting in concert**”, “**associates**” and “**associated company**” shall have the meanings ascribed to them in the Code.

**Announcements and notices.** References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

**Appendices.** Reference to any Appendix shall refer to the Appendices of this Circular, unless otherwise specified.

---

## DEFINITIONS

---

**Capitalised terms in the extracts.** Capitalised terms used in the extracts of the Offer Document, the Unconditional Announcement, the IFA Letter, and the Constitution shall bear the same meanings as attributed to them in the Offer Document, Unconditional Announcement, the IFA Letter, and the Constitution respectively, unless otherwise specified.

**Depositors.** The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings as ascribed to them respectively in Section 81SF of the SFA.

**Expressions.** Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall include the other 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 this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown in 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 the 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 in the Companies Act, the SFA, the Catalist Rules or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

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

**Time and date.** Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

**Total number of Shares and Percentage as at the Latest Practicable Date.** In this Circular, unless the context otherwise requires, (a) any reference to the total number of Shares is a reference to a total number of 732,036,666 Shares in issue as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA), and (b) any reference to a percentage shareholding in the capital of the Company is calculated based on 732,036,666 Shares in issue as at the Latest Practicable Date (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA).



---

## 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 **“aim”**, **“seek”**, **“expect”**, **“anticipate”**, **“estimate”**, **“believe”**, **“intend”**, **“project”**, **“plan”**, **“potential”**, **“strategy”**, **“forecast”**, **“possible”**, **“probable”** and similar expressions or future or conditional verbs such as **“if”**, **“will”**, **“would”**, **“should”**, **“could”**, **“may”** or **“might”**. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. Neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or publicly announce any revisions to those forward-looking statements, subject to compliance with any applicable laws and regulations, the Code, the Catalist Rules and/or any other regulatory or supervisory body or agency.

---

## INDICATIVE TIMELINE

---

- Date of despatch of the Offer Document : 17 February 2021
- Date of electronic dissemination of this Circular : 3 March 2021
- Final Closing Date : 5.30 p.m. (Singapore time) on 31 March 2021, being the last day for the lodgement of acceptances of the Offer
- Date of settlement of consideration for valid acceptances of the Offer : In respect of acceptances of the Offer which are complete and valid in all respects and are received **on or before** the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) Business Days of that date.
- In respect of acceptances of the Offer which are complete and valid in all respects and are received **after** the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven (7) Business Days of the date of such receipt.
- Please refer to Paragraph 2 of Appendix 1 of the Offer Document for further information.

---

## LETTER TO SHAREHOLDERS

---

### INTERNATIONAL PRESS SOFTCOM LIMITED

(Company Registration No.: 197201169E)  
(Incorporated in the Republic of Singapore)

#### Board of Directors:

MR. TIONG CHOON HIENG STEVEN  
*(Independent Non-Executive Chairman)*

MR. LOW SONG TAKE  
*(Founder and Executive Director)*

MR. WOO KHAI CHONG  
*(Vice Chairman and Executive Director)*

MR. LOW KA CHOON KEVIN  
*(Managing Director/Chief Executive Officer)*

MR. WOO KHAI SAN  
*(Executive Director)*

MR. NEO GIM KIONG  
*(Lead Independent Director)*

MR. LOH YIH  
*(Independent Director)*

#### Registered Office:

80 Robinson Road #02-00  
Singapore 068898

3 March 2021

To: The Shareholders of International Press Softcom Limited

Dear Sir/Madam

#### **VOLUNTARY CONDITIONAL OFFER BY UOBKH, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES**

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

###### **1.1 Offer Announcement**

On the Offer Announcement Date, UOBKH announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional offer for all the Shares, other than those already held by the Offeror as at the date of the Offer in accordance with Rule 15 of the Code.

The Offer Announcement is available on the SGXNET at [www.sgx.com](http://www.sgx.com).

###### **1.2 Offer Document**

Shareholders should by now have received a copy of the Offer Document, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document.

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

---

## LETTER TO SHAREHOLDERS

---

### 1.3 Unconditional Announcement.

On 24 February 2021, UOBKH issued the Unconditional Announcement, for and on behalf of the Offeror, announcing that the Offer has been declared unconditional in all respects. In addition, it states that the closing date for the Offer will be extended to the Final Closing Date, and that the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Final Closing Date. Acceptances received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected. The Unconditional Announcement also contains details on the Offeror's intention to exercise its right of compulsory acquisition to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer.

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

**Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document, as supplemented by the Unconditional Announcement, carefully.**

### 1.4 Independent Financial Adviser

The Company has appointed Xandar Capital as the independent financial adviser to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in Appendix I to this Circular.

### 1.5 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Offer.

**Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding on whether to accept or reject the Offer.**

**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.**

## 2. THE OFFER

### 2.1 Terms of the Offer

The Offer is made by UOBKH, for and on behalf of the Offeror, on the principal terms set out in Section 2 of the Offer Document, the full text of which has been extracted from the Offer Document and set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as ascribed to them in the Offer Document.

**Since the electronic despatch of the Offer Document, UOBKH has issued the Unconditional Announcement on behalf of the Offeror announcing that:-**

- (a) the Offer has become unconditional in all respects;
- (b) the closing date for the Offer will be extended to the Final Closing Date;
- (c) the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Final Closing Date; and
- (d) acceptances received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.

## LETTER TO SHAREHOLDERS

### 2. THE OFFER

- 2.1 **Offer Shares.** UOBKH, for and on behalf of the Offeror, hereby makes the Offer to acquire all the Shares other than those already held by the Offeror as at the date of the Offer ("**Offer Shares**") in accordance with Rule 15 of the Code and on the terms and subject to the conditions set out in this Offer Document and the Acceptance Forms.

For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares owned, controlled or agreed to be acquired by the Concert Parties. For the purpose of the Offer, the expression "**Offer Shares**" shall include such Shares.

- 2.2 **Offer Consideration.** The consideration for the Offer ("**Offer Consideration**") will be, at the election of the Shareholders:

- (a) S\$0.045 in cash for each Offer Share ("**Cash Consideration**"); **OR**
- (b) in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror ("**New Offeror Share**") for each Offer Share ("**Shares Consideration**"). The Issue Price for each New Offeror Share pursuant to the Shares Consideration is S\$0.045.

**The New Offeror Shares are not and will not be listed on any securities exchange.**

**Shareholders should note that there are risks involved in investing in the New Offeror Shares. Some of these risks are set out in Appendix 4 to this Offer Document.**

Shareholders who accept the Offer may elect to receive the Cash Consideration or the Shares Consideration, and **not** a combination thereof, as the Offer Consideration for their Offer Shares.

**THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER CONSIDERATION.**

- 2.3 **No Encumbrances.** The Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company (collectively, "**Distributions**") (if any), the Record Date for which falls on or after the Offer Announcement Date.

In the event of any such Distributions on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Consideration payable to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

- 2.4 **Minimum Acceptance Condition.** The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror holding such number of Shares carrying not less than 90% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Offer ("**Minimum Acceptance Condition**"). Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or

---

## LETTER TO SHAREHOLDERS

---

*agreed to be acquired by the Offeror either before or during the Offer, will result in the Offeror meeting the Minimum Acceptance Condition.*

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

- 2.5 **New Offeror Shares.** *The New Offeror Shares to be allotted and issued pursuant to the Shares Consideration will, on issue, be credited as fully paid and free from all Encumbrances and will rank pari passu in all respects with the existing Offeror Shares as at the date of their issue.*
- 2.6 **Revision of Terms of the Offer.** *The Offeror reserves the right to revise the terms of the Offer in accordance with the Code.*
- 2.7 **Warranty.** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares, or on behalf of the beneficial owner(s) thereof, as (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) declared, paid or made by the Company, the Record Date for which falls on or after the Offer Announcement Date.*

**As stated in the Unconditional Announcement, as at 6.00 p.m. (Singapore time) on 24 February 2021, the Offeror has received valid acceptances of the Offer in respect of an aggregate of 663,830,617 Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror holding such number of Shares carrying not less than 90% of the voting rights attributable to the total number of issued Shares (excluding Shares held in treasury).**

**Accordingly, the Offer has become unconditional in all respects on the date of the Unconditional Announcement.**

### 2.2 Duration of the Offer

The duration of the Offer is set out in Paragraph 1 of Appendix 1 of the Offer Document, the full text of which has been extracted from the Offer Document and set out below.

- 1. DURATION OF THE OFFER**
- 1.1 **First Closing Date.** *The Offer is open for acceptance by Shareholders for at least 28 days from the Electronic Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 17 March 2021 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.*
- 1.2 **Subsequent Closing Date(s).** *If the Offer is extended and:*
- (a) *the Offer is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or*
  - (b) *the Offer is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.*

---

## LETTER TO SHAREHOLDERS

---

1.3 **No Obligation to Extend the Offer.** *The Offeror is not obliged to extend the Offer if the condition of the Offer as set out in Section 2.4 (Minimum Acceptance Condition) of the Letter to Shareholders in this Offer Document is not fulfilled by the Closing Date.*

1.4 **Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances.** *Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period ("Rule 22.6 Period") of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give Shareholders who have not accepted the Offer the opportunity to do so.*

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

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

*For these purposes, the SIC would normally regard a "competitive situation" to have arisen if a competing offer for the Company has been announced.*

*If a declaration that the Offer is unconditional is confirmed in accordance with paragraph 4.2(a) (Right of Withdrawal of Shareholders) of this **Appendix 1**, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.*

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

- (a) of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60<sup>th</sup> day after the Electronic Despatch Date; or*
- (b) of being kept open after the expiry of such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,*

*provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent ("**Final Day Rule**"). The SIC will normally grant such permission if a competing offer has been announced.*

1.6 **Revision.** *The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer.*

**As stated in the Unconditional Announcement, the Offeror had on 24 February 2021 declared that the Offer has become unconditional in all respects, the closing date for the Offer will be extended to the Final Closing Date, the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Final Closing Date, and acceptances received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.**

---

## LETTER TO SHAREHOLDERS

---

### 2.3 Details of the Offer

The details of the Offer relating to (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of the withdrawal of acceptances of the Offer are set out in Paragraphs 2, 3 and 4 of Appendix 1 to the Offer Document, the full texts of which have been extracted from the Offer Document and set out below.

#### **2. SETTLEMENT FOR THE OFFER**

*Subject to the Offer becoming or being declared unconditional in all respects and the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with the requirements set out in this Offer Document and the FAA and/or FAT (as the case may be), and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time:*

- (a) remittances for the appropriate amounts (in the case of Depositors who are not subscribed to CDP's Direct Crediting Service ("DCS") and/or Shareholders holding share certificate(s) which are not deposited with CDP) in the form of a Singapore Dollar crossed cheque drawn on a bank in Singapore or (in the case of Depositors who are subscribed to CDP's DCS) by means of credit directly into the Depositor's designated bank account for Singapore Dollars via CDP's DCS, for the payment of the Cash Consideration; or*
- (b) share certificate(s) in respect of the appropriate number of New Offeror Shares ("**Offeror Share Certificates**"), for the payment of the Shares Consideration,*

*(as the case may be) will be despatched, pursuant to Rule 30 of the Code, to the accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post to their respective addresses as they appear in the records of CDP or in the Register (as the case may be), at the risk of the accepting Shareholders (or in such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions in the case of Depositors) as soon as practicable and in any case:*

- (a) in respect of acceptances of the Offer which are complete and valid in all respects and are received **on or** before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven Business Days of that date; or*
- (b) in respect of acceptances which are complete and valid in all respects and are received **after** the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven Business Days of the date of such receipt.*

#### **3. ANNOUNCEMENTS**

- 3.1 Timing and Contents.** Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day ("**Relevant Day**") immediately after the day on which the Offer is due to expire, or becomes or is declared to be unconditional as to acceptances or is revised or extended (if applicable), the Offeror will announce and



---

## LETTER TO SHAREHOLDERS

---

simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;
- (b) held by the Offeror and any of its Concert Parties before the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror and any of its Concert Parties during the Offer Period,

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

3.2 **Suspension.** Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements of paragraph 3.1 (Timing and Contents) of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 **Valid Acceptances.** Subject to Section 15.4 (Valid Acceptances) of the Letter to Shareholders in this Offer Document, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

Acceptances of the Offer will only be treated as valid for the purposes of the Minimum Acceptance Condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

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

#### 4. RIGHT OF WITHDRAWAL IN RELATION TO THE OFFER

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

4.2 **Right of Withdrawal of Shareholders.** A Shareholder who has accepted the Offer may:

- (a) withdraw his acceptance immediately if the Offer has become or been declared to be unconditional but the Offeror fails to comply with any of the requirements set out in paragraph 3.1 (Timing and Contents) of this **Appendix 1** by 3.30 p.m. (Singapore time) on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in paragraph 3.1 (Timing and Contents) of this **Appendix 1**. For the purposes of paragraph 1.4 (Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances) of this **Appendix 1**, the period of 14 days first referred to therein shall run from the date of such confirmation (if given) or the date on which the Offer would otherwise have expired, whichever is later;

---

## LETTER TO SHAREHOLDERS

---

- (b) *withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become or been declared unconditional as to acceptances. Such entitlement to withdraw may be exercisable until such time as the Offer becomes or is declared unconditional; and*
- (c) *withdraw his acceptance immediately if a competing offer becomes or is declared unconditional as to acceptances. This right of withdrawal also applies in the converse situation i.e. if the Offer becomes or is declared unconditional, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such competing offer immediately.*

4.3 **Method of Withdrawal.** *To withdraw his acceptance, a Shareholder who has accepted the Offer must give written notice to the Offeror:*

- (a) *ZHCC Investment Holdings Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984 Singapore 903934, where the Offer Shares are deposited with the CDP; or*
- (b) *ZHCC Investment Holdings Pte. Ltd. c/o M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, where the Offer Shares are not deposited with the CDP.*

***A notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.***

### 2.4 Procedures for Acceptance

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

In addition, Section 7 of the Unconditional Announcement further states that:

- (a) Shareholders who have validly accepted the Offer on or prior to the Unconditional Date are not required to take any action in relation to the Offer and can expect to receive remittances for the appropriate amounts for the payment of the Cash Consideration or share certificate(s) in respect of the appropriate number of New Offeror Shares for the payment of the Shares Consideration, within seven Business Days of the Unconditional Date for the Offer Shares which they have tendered in acceptance of the Offer; and
- (b) Shareholders who tender their acceptances of the Offer which are valid and complete in all respects after the Unconditional Date but before the Closing Date can expect to receive payment remittances for the appropriate amounts for the payment of the Cash Consideration or share certificate(s) in respect of the appropriate number of New Offeror Shares for the payment of the Shares Consideration, within seven Business Days after the date of receipt of such valid acceptances of the Offer.

### 2.5 Final Closing Date

As stated in the Unconditional Announcement, the Offeror has on 24 February 2021 received valid acceptances of the Offer in respect of an aggregate of 663,830,617 Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), result in the Offeror holding such number of Shares carrying not less than 90% of the voting rights attributable to the total number of issued Shares (excluding any Shares held in treasury). **Accordingly, the Offer has been declared unconditional in all respects on the date of the Unconditional Announcement.**

## LETTER TO SHAREHOLDERS

Shareholders should note that pursuant thereto, the closing date of the Offer has been extended to 5.30 p.m. (Singapore time) on 31 March 2021.

The Offeror has given notice that the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on 31 March 2021. Acceptances received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.

### 3. INFORMATION ON THE OFFEROR

Section 6 of the Offer Document sets out certain information on the Offeror, the full text of which has been extracted from the Offer Document and set out below. Additional information on the Offeror extracted from Appendix 3 to the Offer Document is set out in Appendix III to this Circular.

#### 6. INFORMATION ON THE OFFEROR

6.1 **The Offeror.** *The Offeror is a company incorporated in the Republic of Singapore on 3 November 2020 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.*

*As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S\$4.00 comprising four Offeror Shares, which is 25% owned equally by each of Mr Low Ka Choon Kevin, Mr Low Song Take, Mr Woo Khai Chong and Mr Woo Khai San, who are also the directors of the Offeror.*

*As at the Latest Practicable Date, the Offeror does not hold any Shares.*

6.2 **Offeror Shares.** *The Offeror Shares (including the New Offeror Shares) are **not** and will **not** be listed on any securities exchange. The rights and privileges attached to the Offeror Shares are set out in the Offeror Constitution. Additional information on the rights and privileges attached to the Offeror Shares are set out in **Appendix 3** to this Offer Document.*

6.3 **Additional Information.** *Additional information on the Offeror is set out in **Appendix 3** to this Offer Document.*

6.4 **Resultant Shareholdings of the Offeror.** *It is therefore contemplated that following the close of the Offer:*

(a) **All Cash Consideration.** *Assuming that all Shareholders (save for the Concert Group) accept the Offer and elect to receive the Cash Consideration as the Offer Consideration for all their Offer Shares, and only the Concert Group accepts the Offer and elects to receive the Shares Consideration as the Offer Consideration for all their Offer Shares in accordance with the Irrevocable Undertaking (as further described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document), the resultant shareholdings of the Offeror will be as follows:*

<b>Name of Offeror Shareholder</b>	<b>Number of issued Offeror Shares</b>	<b>Percentage of issued Offeror Shares (%)<sup>(2)</sup></b>
Low Ka Choon Kevin	12,474,001	2.0
Low Song Take or Madam Leong Shook Wah <sup>(1)</sup>	49,236,001	7.7
Woo Khai Chong	24,618,001	3.9
Woo Khai San	24,618,001	3.9
International Press Holdings Pte Ltd	524,082,564	82.5

## LETTER TO SHAREHOLDERS

<b>Total</b>	635,028,568	100.0
<b>Notes:</b>		
(1) Madam Leong Shook Wah is the spouse of Mr. Low Song Take.		
(2) For the purpose of the table above, all percentage figures are rounded to the nearest one decimal place. Any discrepancy between the listed percentages and the totals thereof is due to rounding.		
 (b) <b>All Shares Consideration.</b> Assuming that all Shareholders (including the Concert Group in accordance with the Irrevocable Undertaking (as further described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document)) accept the Offer and elect to receive the Shares Consideration as the Offer Consideration for all their Offer Shares, the resultant shareholdings of the Offeror will be as follows:		
<b>Name of Offeror Shareholder</b>	<b>Number of issued Offeror Shares</b>	<b>Percentage of issued Offeror Shares (%)<sup>(2)</sup></b>
Low Ka Choon Kevin	12,474,001	1.7
Low Song Take or Madam Leong Shook Wah <sup>(1)</sup>	49,236,001	6.7
Woo Khai Chong	24,618,001	3.4
Woo Khai San	24,618,001	3.4
International Press Holdings Pte Ltd	524,082,564	71.6
Other Shareholders	97,008,102	13.3
<b>Total</b>	732,036,670	100.0
<b>Notes:</b>		
(1) Madam Leong Shook Wah is the spouse of Mr. Low Song Take.		
(2) For the purpose of the table above, all percentage figures are rounded to the nearest one decimal place. Any discrepancy between the listed percentages and the totals thereof is due to rounding.		

#### 4. IRREVOCABLE UNDERTAKING

Sections 3 and 12.5 of the Offer Document set out certain information in relation to any irrevocable commitment from any party in relation to the Offer, extracts of which are set out below.

#### 3. IRREVOCABLE UNDERTAKING

3.1 **Concert Group.** As at the Latest Practicable Date, the Offeror concert group ("**Concert Group**"), which comprises the following individuals and entity, collectively holds an aggregate of 635,028,564 Shares, representing approximately 86.75% of the total number of issued Shares:

- (a) International Press Holdings Pte Ltd ("**IPH**") which holds directly 524,082,564 Shares. IPH is (i) 50% held by Ze Hua Holdings Pte Ltd, which is a family entity wholly owned by Mr Low Ka Choon Kevin, his parents and siblings, and (ii) 50% held by Chee Chun Holdings Pte Ltd, which is a family entity wholly owned by Mr Woo Khai San and Mr Woo Khai Chong;
- (b) Mr Low Ka Choon Kevin and his parents, Mr Low Song Take and Madam Leong Shook Wah, who collectively hold directly 61,710,000 Shares; and
- (c) Mr Woo Khai San and Mr Woo Khai Chong, who are siblings and collectively hold directly 49,236,000 Shares.

---

## LETTER TO SHAREHOLDERS

---

*Pursuant to the Irrevocable Undertaking provided by the Concert Group (as further described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document), the Concert Group has undertaken to accept the Offer in respect of all their Shares and elect to receive the Shares Consideration as the Offer Consideration for all their Shares.*

3.2 **Irrevocable Undertaking.** *As at the Latest Practicable Date, the Concert Group has provided an irrevocable undertaking ("**Irrevocable Undertaking**") in favour of the Offeror to, inter alia:*

- (a) *accept and/or procure the acceptance of the Offer in respect of all their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) and not withdraw such acceptance once it has been given;*
- (b) *in respect of all their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) to be tendered in acceptance of the Offer, elect to receive the Shares Consideration as the Offer Consideration for all their Shares;*
- (c) *not transfer or otherwise dispose of any of their Shares (as set out in Section 3.1 (Concert Group) of the Letter to Shareholders in this Offer Document) during the period commencing from the date of the Irrevocable Undertaking and ending on the Closing Date (as may be extended from time to time by or on behalf of the Offeror) or the date on which the Irrevocable Undertaking is terminated or ceases to be binding, whichever is the earlier; and*
- (d) *not acquire any further Shares.*

*The aggregate number of Shares subject to the Irrevocable Undertaking is 635,028,564 Shares, representing approximately 86.75% of the total number of issued Shares as at the Latest Practicable Date.*

3.3 **Termination of Irrevocable Undertaking.** *The Irrevocable Undertaking shall terminate, lapse and cease to have any effect upon the Offer lapsing or being withdrawn or failing to become or be declared unconditional for any reason other than a breach of the Concert Group's obligations under the Irrevocable Undertaking.*

3.4 **Available for Inspection.** *A copy of the Irrevocable Undertaking is available for inspection at the office of the Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 during normal business hours, while the Offer remains open for acceptance.*

...

12.5 **Irrevocable Undertakings.** *Save for the Irrevocable Undertaking, as at the Latest Practicable Date, none of the Offeror and its Concert Parties has received any irrevocable undertaking from any party to accept or reject the Offer.*

### 5. RATIONALE FOR THE OFFER

Section 8 of the Offer Document sets out certain information on the rationale for the Offer, the full text of which has been extracted from the Offer Document and set out below. Shareholders are advised to read the extract below carefully.

---

## LETTER TO SHAREHOLDERS

---

### 8. RATIONALE FOR THE OFFER

8.1 **Intention to Delist and Privatise the Company.** The Offeror is making the Offer with a view to delisting and privatising the Company.

8.2 **Opportunity for Shareholders to realise their investment in the Shares at a premium.** As set out in Section 11 (Financial Aspects of the Offer) of the Letter to Shareholders in this Offer Document, the Cash Consideration represents a premium of approximately 25.3%, 32.0%, 21.6% and 26.8% over the VWAP per Share for the one-month, three-month, six-month and 12-month periods respectively up to and including the Last Trading Day. The Cash Consideration also represents a premium of 12.5% over the last transacted price per Share on the Last Trading Day.

The Cash Consideration under the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

8.3 **Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity.** The trading volume of the Shares has been low, with an average daily trading volume<sup>1</sup> of approximately 552,000 Shares, 462,000 Shares, 912,000 Shares and 710,000 Shares during the one-month, three-month, six-month and 12-month periods respectively up to and including the Last Trading Day. This represents less than approximately 0.13% of the total number of issued Shares for each of the relevant periods.

The Offer therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in the Shares with an opportunity to realise their entire investment in the Shares at a premium over the prevailing market prices which would not otherwise be readily available to Shareholders given the low trading liquidity of the Shares.

8.4 **Greater Management Flexibility.** The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company and facilitating the implementation of any strategic initiatives and/or operational changes of the Group to achieve greater efficiency and competitiveness.

8.5 **Compliance Costs relating to Listing Status.** If the Company is delisted, the Company will be able to save on compliance costs associated with maintenance of a listed status and other regulatory requirements and human resources that have to be committed for such compliance and focus its resources and channel such expenses towards its business operations.

8.6 **Shareholders have an option to elect to accept the Shares Consideration.** Shareholders will have an option to elect for the Shares Consideration in the form of New Offeror Shares. The New Offeror Shares are in a private unlisted company, and Shareholders should carefully consider the restrictions set out in **Appendix 3** to this Offer Document and the risk factors set out in **Appendix 4** to this Offer Document should they wish to elect to receive the Shares Consideration.

---

<sup>1</sup> The average daily trading volumes are calculated by using the total volume of Shares traded divided by the number of Market Days with respect to the one-month period, three-month period, six-month period and 12-month period up to and including the Last Trading Day.

---

## LETTER TO SHAREHOLDERS

---

### 6. OFFEROR'S INTENTIONS FOR THE COMPANY

Section 9 of the Offer Document sets out certain information on the Offeror's intentions for the Company, the full text of which has been extracted from the Offer Document and set out below. Shareholders are advised to read the extract below carefully.

#### 9. OFFEROR'S INTENTIONS FOR THE COMPANY

*The Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves and which it may regard to be in the interests of the Company.*

### 7. COMPULSORY ACQUISITION, LISTING STATUS AND OFFER DECLARED UNCONDITIONAL IN ALL RESPECTS

7.1 Section 10 of the Offer Document sets out the intentions of the Offeror relating to its rights of compulsory acquisition in respect of the Company and the listing status of the Company, the full text of which has been extracted from the Offer Document and set out below. Shareholders are advised to read the extract below carefully.

#### 10. COMPULSORY ACQUISITION AND LISTING STATUS

10.1 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any treasury Shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") ("**Compulsory Acquisition**").

***In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST.***

*Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.*

10.2 **Listing Status.** Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of issued Shares (excluding treasury Shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding treasury Shares) are held by at least 200 Shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury Shares), thus causing the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

## LETTER TO SHAREHOLDERS

*In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands falls below 10%, the Company must, as soon as practicable, notify its sponsor of that fact and announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury Shares) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

***The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1104 or Rule 1303(1) of the Catalist Rules, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.***

- 7.2 Pursuant to the Unconditional Announcement, the Offer was declared unconditional in all respects on 24 February 2021. Section 3.4 of the Unconditional Announcement sets out the aggregate holdings, the full text of which has been extracted from the Unconditional Announcement and set out below.

### **3.4 Aggregate Holdings**

*Accordingly, based on information available to the Offeror, as at 6.00 p.m. (Singapore time) on 24 February 2021, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 663,830,617 Shares, representing approximately 90.68% of the total number of issued Shares.*

**As stated in the Unconditional Announcement, the Offeror is entitled to, and intends to, exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (“Dissenting Shareholders”). The Offeror will, in due course, despatch to the Dissenting Shareholders the relevant documentation together with the prescribed notice under the Companies Act in relation to the exercise of its right of compulsory acquisition. Further announcements will also be made by the Offeror in due course in relation to the status of the compulsory acquisition.**

**Subsequent to such compulsory acquisition, the Offeror will proceed to delist the Company from the SGX-ST.**

## **8. FINANCIAL ASPECTS OF THE OFFER**

Section 11 of the Offer Document sets out certain information on the financial aspects of the Offer, the full text of which has been extracted from the Offer Document and set out below.

### **11. FINANCIAL ASPECTS OF THE OFFER**

*The Cash Consideration of S\$0.045 for each Offer Share represents the following premia over certain historical market prices of the Shares as set out below:*

<b>Description</b>	<b>Share Price<sup>(1)</sup> (S\$)</b>	<b>Premium of Cash Consideration over Share Price<sup>(2)</sup> (%)</b>
(a) <i>Last traded price of the Shares on the SGX-ST on the Last Trading Day</i>	0.0400	12.5



## LETTER TO SHAREHOLDERS

(b) VWAP for the one-month period up to and including the Last Trading Day	0.0359	25.3
(c) VWAP for the three-month period up to and including the Last Trading Day	0.0341	32.0
(d) VWAP for the six-month period up to and including the Last Trading Day	0.0370	21.6
(e) VWAP for the 12-month period up to and including the Last Trading Day	0.0355	26.8

**Notes:**

- (1) Based on data extracted from Bloomberg L.P., and rounded to the nearest four decimal places.  
(2) For the purpose of the table above, all percentage figures are rounded to the nearest one decimal place.

### 9. DISCLOSURES OF INTERESTS

Section 12, Paragraph 3 of Appendix 3, Appendix 6 and Paragraph 1 of Appendix 7 to the Offer Document set out certain information relating to disclosure of interests, extracts of which are set out below.

#### 12. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

12.1 **Shareholdings and Dealings in the Company Securities.** Appendix 6 to this Offer Document sets out, based on responses received pursuant to enquiries that the Offeror has made, (a) the number of Company Securities owned, controlled or agreed to be acquired as at the Latest Practicable Date, and (b) the dealings in the Company Securities during the Reference Period, by the Offeror and its Concert Parties as at the Latest Practicable Date.

12.2 **No Other Holdings and Dealings in the Company Securities.** Save as disclosed in Appendix 6 to this Offer Document, and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, none of the Offeror and its Concert Parties:

- (a) owns, controls or has agreed to acquire any Company Securities; or  
(b) has dealt for value in any Company Securities during the Reference Period.

As at the Latest Practicable Date, save as disclosed in Appendix 6 to this Offer Document, none of the Directors are interested (as interpreted in accordance with Section 4 of the SFA), directly or indirectly, in any Company Securities.

12.3 **Other Arrangements in the Company Securities.** Save as disclosed in this Offer Document, and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, none of the Offeror and its Concert Parties has:

- (a) entered into any arrangement (whether by option, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Offer;

---

## LETTER TO SHAREHOLDERS

---

- (b) *granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;*
- (c) *borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold), or*
- (d) *lent any Company Securities to another person.*

12.4 **Holdings and Dealings in Offeror Securities.** *Save as disclosed in Appendix 3 to this Offer Document, as at the Latest Practicable Date, none of the Concert Parties:*

- (a) *owns, controls or has agreed to acquire any Offeror Securities; or*
- (b) *has dealt for value in any Offeror Securities during the Reference Period.*

12.5 **Irrevocable Undertakings.** *Save for the Irrevocable Undertaking, as at the Latest Practicable Date, none of the Offeror and its Concert Parties has received any irrevocable undertaking from any party to accept or reject the Offer.*

### APPENDIX 3 ADDITIONAL INFORMATION ON THE OFFEROR

...

#### 3. SHARE CAPITAL

3.1 **Share Capital.** *As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$4.00 comprising four Offeror Shares, which is 25% owned equally by each of Mr Low Ka Choon Kevin, Mr Low Song Take, Mr Woo Khai Chong and Mr Woo Khai San, who are also the directors of the Offeror. Save for the issuance of the four Offeror Shares at S\$1.00 each to each of Mr Low Ka Choon Kevin, Mr Low Song Take, Mr Woo Khai Chong and Mr Woo Khai San on 3 November 2020, no new Offeror Shares have been issued since its incorporation on 3 November 2020. Assuming that the Offer becomes or is declared unconditional in all respects and only the Concert Group accepts the Offer on the basis of the Shares Consideration, the issued share capital of the Offeror will comprise 635,028,568 Offeror Shares upon settlement of all acceptances received under the Offer.*

3.2 **Offeror Shares.** *The Offeror Shares (including the New Offeror Shares) are not and will not be listed on any securities exchange.*

*No securities in the Offeror have been sold during the period between the date of incorporation of the Offeror and the Latest Practicable Date.*

*The Offeror has only one class of ordinary shares. The New Offeror Shares to be issued pursuant to acceptances of the Offer at the Shares Consideration will be credited as fully paid and free from all Encumbrances and will rank pari passu in respects with the existing Offeror Shares as at the date of their issue.*

3.3 **Offeror Convertible Securities.** *As at the Latest Practicable Date, there are no outstanding convertible securities, warrants, options or derivatives in respect of the Offeror Shares or securities which carry voting rights in the Offeror.*

3.4 **Capital Re-organisation.** *Between the date of incorporation of the Offeror and the Latest Practicable Date, there has been no re-organisation in the share capital of the Offeror.*

...

## LETTER TO SHAREHOLDERS

### APPENDIX 6 DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

#### 1. HOLDINGS IN SHARES

As at the Latest Practicable Date, based on responses to enquiries that the Offeror has made, the holdings of the Offeror and its Concert Parties in the Shares are set out below:

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Offeror</b>	-	-	-	-	-	-
<b>Concert Group</b>						
International Press Holdings Pte Ltd	524,082,564	71.59	-	-	524,082,564	71.59
Low Ka Choon Kevin <sup>(2)</sup>	12,474,000	1.70	524,082,564	71.59	536,556,564	73.29
Low Song Take or Leong Shook Wah <sup>(2)(3)</sup>	49,236,000	6.73	524,082,564	71.59	573,318,564	78.32
Woo Khai Chong <sup>(4)</sup>	24,618,000	3.36	524,082,564	71.59	548,700,564	74.95
Woo Khai San <sup>(4)</sup>	24,618,000	3.36	524,082,564	71.59	548,700,564	74.95
<b>UOBKH</b>	-	-	-	-	-	-
<b>Other Concert Parties</b>						
Leong Chee Pew <sup>(5)</sup>	30,000	n.m. <sup>(7)</sup>	-	-	30,000	n.m. <sup>(7)</sup>
Leong Seok Han <sup>(5)</sup>	80,000	0.01	-	-	80,000	0.01
Teh Choon Yiap <sup>(5)</sup>	30,000	n.m. <sup>(7)</sup>	-	-	30,000	n.m. <sup>(7)</sup>
Chong Lee Men <sup>(6)</sup>	43,000	0.01	-	-	43,000	0.01
Fung Tsuey Inn <sup>(6)</sup>	10,000	n.m. <sup>(7)</sup>	-	-	10,000	n.m. <sup>(7)</sup>
Ho Hoi Wing <sup>(6)</sup>	198,000	0.03	-	-	198,000	0.03
Woo Sou Fong <sup>(6)</sup>	100,000	0.01	-	-	100,000	0.01

**Notes:**

- (1) Based on the 732,036,666 Shares in issue as at the Latest Practicable Date.
- (2) Mr Low Ka Choon Kevin and Mr Low Song Take are deemed to have an interest in the Shares held by International Press Holdings Pte Ltd under Section 4 of the SFA.
- (3) Madam Leong Shook Wah is the spouse of Mr Low Song Take.
- (4) Mr Woo Khai Chong and Mr Woo Khai San are deemed to have an interest in the Shares held by International Press Holdings Pte Ltd under Section 4 of the SFA.
- (5) Such persons are close relatives of Mr. Low Song Take and Mdm. Leong Shook Wah.
- (6) Such persons are close relatives of Mr. Woo Khai Chong and Mr Woo Khai San.
- (7) "n.m." means not meaningful.

---

## LETTER TO SHAREHOLDERS

---

### 2. **DEALINGS IN COMPANY SECURITIES DURING THE REFERENCE PERIOD**

*Based on responses to enquiries that the Offeror has made, none of the Offeror and its Concert Parties has dealt for value in the Company Securities during the Reference Period.*

...

### **APPENDIX 7 ADDITIONAL GENERAL INFORMATION**

#### 1. **DISCLOSURE OF INTERESTS**

1.1 **No Indemnity Arrangements.** *To the best knowledge of the Directors as at the Latest Practicable Date, save for the Irrevocable Undertaking as described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document, neither the Offeror nor any of its Concert Parties has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities or the Offeror Securities which may be an inducement to deal or refrain from dealing in the Company Securities or the Offeror Securities, as the case may be.*

1.2 **No Agreement having any Connection with or Dependence upon the Offer.** *As at the Latest Practicable Date, save for the Irrevocable Undertaking as described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document and the Bridging Loan as described in **Appendix 3** to this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or any of its Concert Parties, and (b) any of the present or recent directors of the Company or the present or recent Shareholders having any connection with or dependence upon the Offer.*

1.3 **Transfer of Offer Shares.** *As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired pursuant to the Offer will or may be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.*

1.4 **No Payment or Benefit to Directors of the Company.** *As at the Latest Practicable Date, no payment or other benefit will be made or given to any director of the Company or of any 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 Offer.*

1.5 **No Agreement Conditional upon Outcome of the Offer.** *As at the Latest Practicable Date, save for the Irrevocable Undertaking as described in Section 3.2 (Irrevocable Undertaking) of the Letter to Shareholders in this Offer Document and the Bridging Loan as described in **Appendix 3** to this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror, and (b) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.*

1.6 **Transfer Restrictions.** *There is no restriction in the Constitution of the Company 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 by members of the Company or any other person.*

---

## LETTER TO SHAREHOLDERS

---

- 1.7 **Directors' Service Contracts.** *As at the Latest Practicable Date, there is no agreement, arrangement or understanding between the Offeror or any of its Concert Parties and any Director, whereby the emoluments received by the Directors will be affected as a consequence of the Offer or any other associated relevant transaction.*
- 1.8 **No Material Change in Information.** *Save as disclosed in this Offer Document, as far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.*

### 10. CONFIRMATION OF FINANCIAL RESOURCES

Section 13 of the Offer Document sets out certain information on the confirmation of financial resources, the full text of which has been extracted from the Offer Document and set out below.

**13. CONFIRMATION OF FINANCIAL RESOURCES**

*UOBKH, as financial adviser to the Offeror in connection with the Offer, has confirmed that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares (excluding the consideration payable in relation to the 635,028,564 Shares held by the Concert Group as the Concert Group has undertaken to elect the Shares Consideration pursuant to the Irrevocable Undertaking).*

### 11. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Paragraph 5 of Appendix II to this Circular.

### 12. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

#### 12.1 General

Shareholders should read and carefully consider the recommendation of the Independent Directors as set out in Section 13 of this Circular and the advice of the IFA to the Independent Directors which is set out in Appendix I to this Circular, before deciding whether to accept or reject the Offer.

#### 12.2 Key factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in paragraph 7 of the IFA Letter.

**Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice to the Independent Directors in conjunction with, and in the context of, the full text of the IFA Letter.**

#### 12.3 Advice of the IFA to the Independent Directors

The advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix I to this Circular. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, the IFA has given its advice to the Independent Directors as set out in paragraph 8 of the IFA Letter, an extract of which is reproduced below.

---

## LETTER TO SHAREHOLDERS

---

Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

*“Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.*

*We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Offer:*

- (a) the closing prices of the Shares on the SGX-ST were below the Offer Consideration for the period between 23 July 2018 and 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date. While the Shares had traded at a high of S\$0.072 on 26 February 2021, the number of Shares traded at S\$0.072 amounted to only 100 Shares;*
- (b) the Offer Consideration represents premia of 29.68%, 26.76%, 21.62%, 31.96%, 25.35% and 13.92% to the VWAPs of the Shares respectively for the 24-month, 12-month, 6-month, 3-month, 1-month periods prior to and including the Last Trading Day and on the Last Trading Day;*
- (c) the Offer Consideration continues to represent a premium, albeit slightly lower, at 2.27% to the VWAP of the Shares traded after the Offer Announcement Date up to 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date;*
- (d) the Offer Consideration represents a premium of approximately 7.85% to the latest unaudited NAV per Share and a premium of approximately 9.00% to the latest unaudited NTA per Share;*
- (e) the ex-cash Offer Consideration to ex-cash NAV ratio is 1.45 times;*
- (f) the P/NAV ratio of the Company based on the Offer Consideration of 1.08 times is within the range and higher than the mean and median P/NAV ratios of the Comparable Companies; and*
- (g) the P/NTA ratio of the Company based on the Offer Consideration of 1.09 times is within the range, same as the mean and higher than the median P/NTA ratios of the Comparable Companies; and*
- (h) the premia of the Offer Consideration over the corresponding VWAPs and the P/NAV ratio of the Group implied by the Offer Consideration are within the range of the Recent Privatisation Transactions.*

*We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:*

- (i) the Shares has outperformed the Catalist Index since October 2019;*
- (ii) the Group has reported losses since FY2009;*
- (iii) other relevant consideration as set out in paragraph 7.9 of this IFA Letter.*

**Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of**

---

## LETTER TO SHAREHOLDERS

---

*the date hereof, the terms of the Offer, on balance, are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to accept the Offer, unless Shareholders can obtain a price higher than the Offer Consideration in the open market, taking into account the related expenses such as brokerage and trading costs.*

*We note that Shareholders may elect to receive the Cash Consideration or the Shares Consideration. We make no recommendation as to whether Shareholders should elect to receive the Cash Consideration or the Shares Consideration. However, we wish to highlight the following factors in respect of the Shares Consideration:*

- (1) as the Offer has become unconditional, the Offeror would have drawn down a bridging loan of S\$5.0 million. In addition, the Offeror expects to incur transactional expenses of approximately S\$600,000 in relation to the Offer. The NAV of the proforma enlarged group (comprising the Offeror and the Group) will be lower than the Group's and the consolidated loss before tax of the enlarged group will also be higher;*
- (2) the Offeror is unlisted. Holders of the New Offeror Shares will not enjoy the same level of corporate governance, protection, transparency and accountability compared to that of a company listed on the SGX-ST;*
- (3) shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;*
- (4) Shareholders who elect for the Shares Consideration may be unable to sell the New Offeror Shares allotted and issued to them in the absence of a public market; and*
- (5) Shareholders who elect for the Shares Consideration will receive share certificates and there are costs relating to any transfers or changes to the share certificates."*

### 13. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

#### 13.1 Independent Directors

The SIC has ruled that each of Mr. Low Ka Choon Kevin, Mr. Low Song Take, Mr. Woo Khai Chong and Mr. Woo Khai San is exempted from the requirement to make a recommendation to Shareholders on the Offer, given that they are of the view that they are part of the Concert Group and face a conflict of interest. Notwithstanding such exemption, each of them shall remain responsible for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

As at the Latest Practicable Date, each of Mr. Tiong Choon Hieng Steven, Mr. Neo Gim Kiong and Mr. Loh Yih considers himself to be independent for the purposes of making a recommendation to the Shareholders in relation to the Offer.

#### 13.2 Independent Directors' Recommendation

The Independent Directors, having considered carefully the terms of the Offer as supplemented by the Unconditional Announcement and the advice given by the IFA in the IFA Letter, **concur** with the advice of the IFA in respect of the Offer, and accordingly, recommend that Shareholders should **ACCEPT** the Offer, unless there is a superior offer or Shareholders are able to obtain a price higher than the Offer Price in the open market, taking into account all the brokerage and transaction costs in connection with open market transactions.

Shareholders should note that the IFA's advice and the recommendation of the Independent Directors should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer. The IFA, in giving its advice, and the Independent Directors, in

---

## LETTER TO SHAREHOLDERS

---

making their recommendation, have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

**SHAREHOLDERS SHOULD READ AND CONSIDER CAREFULLY THIS CIRCULAR, INCLUDING THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THIS OFFER AS SET OUT IN APPENDIX I TO THIS CIRCULAR IN THEIR ENTIRETY, BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.**

Shareholders should also be aware and note that there is no assurance that the price of the Shares will remain at current levels after the close of the Offer and the current price performance of the Shares is not indicative of the future price performance levels of the Shares.

### 14. OVERSEAS SHAREHOLDERS

Section 14 of the Offer Document sets out information in relation to Overseas Shareholders, the full text of which has been extracted from the Offer Document and set out below.

#### 14. OVERSEAS SHAREHOLDERS

14.1 **Overseas Jurisdictions.** *This Offer Document 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 Offer Document in any jurisdiction in contravention of applicable law.*

*The release, publication or distribution of this Offer Document, the Hardcopy Notification, the Acceptance Forms and any other formal documentation in relation to the Offer (collectively, "Offer Documentation") in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which any Offer Documentation is released, published or distributed should inform themselves about and observe such restrictions.*

*Copies of the Offer Documentation are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer will violate the laws of that jurisdiction ("Restricted Jurisdiction") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

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

14.2 **Overseas Shareholders.** *The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be) (each, an "Overseas Shareholder") may be affected by the laws of the relevant overseas jurisdiction in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any*



---

## LETTER TO SHAREHOLDERS

---

*applicable requirements in the relevant overseas jurisdiction.*

***For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Hardcopy Notification and the relevant Acceptance Forms may not be sent.***

*It is the responsibility of Overseas Shareholders who wish to accept the Offer to (a) request for the Offer Documentation, or (b) satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, UOBKH, CDP, the Receiving Agent and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, UOBKH, CDP, the Receiving Agent and/or any person acting on their behalf may be required to pay. In (a) requesting for the Offer Documentation, or (b) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and UOBKH that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.*

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

- 14.3 ***Copies of the Offer Documentation.*** *Where there are potential restrictions on sending the Offer Documentation to any overseas jurisdiction, the Offeror and UOBKH each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of the Offer Documentation during normal business hours and up to the Closing Date, from (a) the CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at [asksgx@sgx.com](mailto:asksgx@sgx.com) for instructions on how to obtain a copy of such documents, or (b) the office of the Share Registrar, M & C Services Private Limited (if he holds the Offer Shares in scrip form) at **112 Robinson Road #05-01, Singapore 068902**. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror (i) through CDP (if he is a Depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or (ii) the Share Registrar (if he holds the Offer Shares in scrip form) at **112 Robinson Road #05-01, Singapore 068902** to request for the Offer Documentation to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.*
- 14.4 ***Notice.*** *The Offeror and UOBKH each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement.*

---

## LETTER TO SHAREHOLDERS

---

### 15. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Sections 15.6 and 15.7 of the Offer Document set out information pertaining to CPFIS Investors and SRS Investors, the full text of which have been extracted from the Offer Document and set out below.

15.6 **CPFIS Investors.** *CPFIS Investors will receive further information on how to accept the Offer from the CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Offer and elect for the Cash Consideration will receive the Offer Consideration payable in respect of their Offer Shares in their CPF investment accounts.*

15.7 **SRS Investors.** *SRS Investors will receive further information on how to accept the Offer from the SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, SRS Investors who accept the Offer and elect for the Cash Consideration will receive the Offer Consideration payable in respect of their Offer Shares in their SRS investment accounts.*

### 16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than 5.30 p.m. (Singapore time) on the Final Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document, Section 7 of the Unconditional Announcement, the FAA and/or the FAT, as the case may be.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror:

- (a) by CDP (in respect of the FAA); or
- (b) by the Share Registrar (in respect of the FAT),

as the case may be, not later than **5.30 p.m. (Singapore time) on the Final Closing Date.**

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT (as the case may be) which have been sent to them.

### 17. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter in Appendix I to this Circular, the letter from the IFA dated 3 March 2021 in relation to the Forecast Statements in Appendix VI of this Circular, and all references thereto in the form and context in which they appear in this Circular.

Ernst & Young LLP, named as the independent auditor of the Company, has given and has not withdrawn its written consent to the inclusion of its name, the independent auditor's report in relation to the audited financial statements of the Group for FY2019 as set out in Appendix IV

---

## LETTER TO SHAREHOLDERS

---

to this Circular, the letter from the independent auditors dated 3 March 2021 in relation to the Forecast Statements in Appendix VII of this Circular, and all references thereto in the form and context in which they appear in this Circular.

CNPLaw LLP, named as the legal adviser to the Company as to Singapore law in relation to the Offer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto in the form and context in which they appear in this Circular.

### 18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular are fair and accurate and that no material facts have been omitted from this Circular (the omission of which would render any statement in this Circular misleading in any material respect), and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Announcement, the Offer Document, the Unconditional Announcement, the IFA Letter, the letter from the IFA dated 3 March 2021 in relation to the Forecast Statements, the letter from the independent auditors dated 3 March 2021 in relation to the Forecast Statements), the sole responsibility of the Directors has been to ensure through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate. Further, the Independent Directors are solely responsible in respect of the recommendation of the Independent Directors to Shareholders set out in Section 13.2 of this Circular.

### 19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 during normal business hours, for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2018 and FY2019;
- (c) the IFA Letter, as set out in Appendix I to this Circular;
- (d) the FY2019 Results, as set out in Appendix IV to this Circular;
- (e) the FY2020 Results, as set out in Appendix V to this Circular;
- (f) the letter from the IFA dated 3 March 2021 in relation to the Forecast Statements, as set out in Appendix VI of this Circular;
- (g) the letter from the independent auditors dated 3 March 2021 in relation to the Forecast Statements, as set out in Appendix VII of this Circular; and
- (h) the letters of consent referred to in Section 17 of this Circular.

### 20. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

---

**LETTER TO SHAREHOLDERS**

---

Yours faithfully

For and on behalf of the Board of Directors of  
**INTERNATIONAL PRESS SOFTCOM LIMITED**

**Tiong Choon Hieng Steven**  
**Independent Non-Executive Chairman**

---

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**

---



3 March 2021

**INTERNATIONAL PRESS SOFTCOM LIMITED**

80 Robinson Road #02-00  
Singapore 068898

**Attention: The Independent Directors (as defined below)**

**VOLUNTARY CONDITIONAL OFFER (THE “OFFER”) FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES (THE “SHARES”) IN THE CAPITAL OF INTERNATIONAL PRESS SOFTCOM LIMITED (THE “COMPANY”) OTHER THAN THOSE ALREADY HELD BY ZHCC INVESTMENT HOLDINGS PTE. LTD. (THE “OFFEROR”) AS AT THE DATE OF THE OFFER (THE “OFFER SHARES”)**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to shareholders of International Press Softcom Limited dated 3 March 2021 in connection with the Offer (the “Circular”).*

**1. INTRODUCTION**

On 28 January 2021 (the “**Offer Announcement Date**”), UOB Kay Hian Private Limited (“**UOBKH**”) announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for the Offer Shares (the “**Offer Announcement**”) in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

In connection with the Offer, the Company has appointed Xandar Capital Pte. Ltd. (“**Xandar Capital**”) as the independent financial adviser (the “**IFA**”) to the directors of the Company who are considered independent for the purposes of the Offer, namely Mr. Tiong Choon Hieng Steven, Mr. Neo Gim Kiong and Mr. Loh Yih (the “**Independent Directors**”) in relation to the Offer, to assess the terms of the Offer and advise whether the terms of the Offer are fair and reasonable.

This letter sets out, *inter alia*, our evaluation and advice of the terms of the Offer (this “**IFA Letter**”), and forms part of the Circular which provides, *inter alia*, the details of the Offer and the recommendation of the Independent Directors in respect thereof.

**2. TERMS OF REFERENCE**

Xandar Capital has been appointed as the IFA to advise the Independent Directors on whether the terms of the Offer are fair and reasonable.

Our evaluation is limited to the terms of the Offer and our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial and/or risks or merits (if any) of the Offer. We have not relied on any financial projections or forecasts in respect of the Company and any of its subsidiaries (collectively, the “**Group**”). We are not required to

Page 1 of 34

---

## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

---



express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group. We are also not expressing any view herein as to the prices at which the Shares may trade after the close of the Offer. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer or any other offers, if any. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved, or are or will be available in future. We have also not conducted any review of the business, operations or financial condition of the Company and the Group.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, prepaid land lease payments, leasehold land and factory buildings, and plant and machinery) of the Group and the Company did not commission any independent market valuation on any of these assets for the purpose of the Offer.

In the course of our evaluation, we have held discussions with certain Directors and management of the Company and have examined publicly available information as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy and reliability of such information. The Directors have jointly and severally accepted full responsibility for the fairness and accuracy of all such information and representations as provided and made by the aforesaid parties as contained herein.

As set out in Section 18 of the Circular, the Directors (including those who may have delegated detailed supervision of the Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in the Circular are fair and accurate and that no material facts have been omitted from the Circular (the omission of which would render any statement in the Circular misleading in any material respect), and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Announcement, the Offeror's offer document dated 17 February 2021 (the "**Offer Document**"), the Unconditional Announcement (as defined herein), this IFA Letter, the letter from the IFA dated 3 March 2021 in relation to the Forecast Statements (as defined in the Circular), the letter from the independent auditors dated 3 March 2021 in relation to the Forecast Statements), the sole responsibility of the Directors has been to ensure through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in the Circular.

Page 2 of 34

**Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司** (Registration No. 200002789M)

Address 地址: 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

---

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**

---



In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate. Further, the Independent Directors are solely responsible in respect of the recommendation of the Independent Directors to Shareholders set out in Section 13.2 of the Circular.

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting and the information provided to us as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders should take note of any announcements and/or events relevant to their consideration of the Offer which may be released or occur after the Latest Practicable Date.

**In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their Shares, investment objectives or portfolios should consult his or their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.**

**This IFA Letter is for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Offer and the recommendation made by the Independent Directors shall remain their responsibility.**

**The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have 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 IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).**

Our advice in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise the Shareholders to read these pages carefully.



### 3. THE OFFER

The Offer is a voluntary conditional offer made in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “Code”) and subject to the terms and conditions set out in the Offer Document, a copy of which the Shareholders ought to have received as at the date of this IFA Letter. The salient information on the Offer can be found in Section 2 and Appendix 1 to the Offer Document.

#### 3.1 CONDITION OF THE OFFER

We extract the condition of the Offer from Section 2.4 of the Offer Document in *italics* as follows:

*The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror holding such number of Shares carrying not less than 90% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Offer (“Minimum Acceptance Condition”). Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror either before or during the Offer, will result in the Offeror meeting the Minimum Acceptance Condition.*

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

**We note that, on 24 February 2021, UOBKH announced, for and on behalf of the Offeror, that the Offer has been declared unconditional in all respects and the Offeror is entitled to, and intends to, exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer. Shareholders are advised to read the announcement made by UOBKH, for and on behalf of the Offeror dated 24 February 2021 (the “Unconditional Announcement”) carefully.**

#### 3.2 THE OFFER CONSIDERATION

We extract from Section 2.2 of the Offer Document in *italics* as follows:

*The consideration for the Offer (“Offer Consideration”) will be, at the election of the Shareholders:*

- (a) *S\$0.045 in cash for each Offer Share (“Cash Consideration”); **OR***
- (b) *in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror (“New Offeror Share”) for each Offer Share (“Shares Consideration”). The Issue Price for each New Offeror Share pursuant to the Shares Consideration is S\$0.045.*



## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



*The New Offeror Shares are not and will not be listed on any securities exchange.*

*Shareholders should note that there are risks involved in investing in the New Offeror Shares. Some of these risks are set out in Appendix 4 to this Offer Document.*

*Shareholders who accept the Offer may elect to receive the Cash Consideration or the Shares Consideration, and **not** a combination thereof, as the Offer Consideration for their Offer Shares.*

We note from Section 2.3 of the Offer Document that the Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company (collectively, “Distributions”) (if any), the Record Date (as defined in the Offer Document) for which falls on or after the Offer Announcement Date.

### 3.3 REVISION OF THE TERMS OF THE OFFER

We extract from Sections 2.2 and 2.6 of the Offer Document in italics as follows:

***THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER CONSIDERATION.***

*The Offeror reserves the right to revise the terms of the Offer in accordance with the Code.*

As at the Latest Practicable Date, the Offer has been declared unconditional. Accordingly, there will be no revision of the terms of the Offer.

### 4. THE IRREVOCABLE UNDERTAKINGS

As disclosed in Section 3 of the Offer Document, certain Shareholders have provided irrevocable undertakings (the “Irrevocable Undertakings”) to, *inter alia*, accept the Offer in respect of all their Shares and elect to receive the Shares Consideration as the Offer Consideration for all their Shares. We tabulate the Irrevocable Undertakings as follows:

Name of Shareholders	Number of Shares	Percentage interest in the capital of the Company
International Press Holdings Pte Ltd (“IPH”) <sup>(1)</sup>	524,082,564	71.59
Mr. Low Ka Choon Kevin <sup>(1)</sup>	12,474,000	1.70
Mr. Low Song Take or Madam Leong Shook Wah <sup>(1) (2)</sup>	49,236,000	6.73

Page 5 of 34

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



<b>Name of Shareholders</b>	<b>Number of Shares</b>	<b>Percentage interest in the capital of the Company</b>
Mr. Woo Khai San <sup>(1)</sup> (3)	24,618,000	3.36
Mr. Woo Khai Chong <sup>(1)</sup> (3)	24,618,000	3.36
<b>TOTAL</b>	<b>635,028,564</b>	<b>86.75</b> <sup>(4)</sup>

**Notes:**

- (1) IPH is (i) 50% held by Ze Hua Holdings Pte Ltd, which is a family entity wholly owned by Mr. Low Ka Choon Kevin, his parents and siblings, and (ii) 50% held by Chee Chun Holdings Pte Ltd, which is a family entity wholly owned by Mr. Woo Khai San and Mr. Woo Khai Chong.
- (2) Madam Leong Shook Wah is the spouse of Mr. Low Song Take.
- (3) Mr. Woo Khai San and Mr. Woo Khai Chong are siblings.
- (4) Discrepancy between the sum of the column and the total amount is due to rounding.

**5. INFORMATION ON THE OFFEROR**

Information on the Offeror is set out in Section 6 and Appendix 3 to the Offer Document. We extract information on the Offeror in *italics* as follows:

*The Offeror is a company incorporated in the Republic of Singapore on 3 November 2020 for the purpose of undertaking the Offer. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation, except in relation to matters in connection with the making of the Offer.*

*As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S\$4.00 comprising four Offeror Shares, which is 25% owned equally by each of Mr Low Ka Choon Kevin, Mr Low Song Take, Mr Woo Khai Chong and Mr Woo Khai San, who are also the directors of the Offeror.*

The four (4) shareholders and directors of the Offeror are also shareholders and directors of the Company. The four (4) shareholders and directors of the Offeror have also provided the Irrevocable Undertakings mentioned in paragraph 4 of this IFA Letter.

## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



### 5.1 INTERESTS IN THE COMPANY HELD BY OTHER PARTIES ACTING OR PRESUMED TO BE ACTING IN CONCERT WITH THE OFFEROR

The shareholdings of other parties acting or presumed to be acting in concert with the Offeror (as disclosed by UOBKH, for and on behalf of the Offeror, in the Offer Document) are as follows:

Name of Shareholders	Number of Shares	Percentage interest in the capital of the Company
Leong Chee Pew	30,000	Not meaningful
Leong Seok Han	80,000	0.01
Teh Choon Yiap	30,000	Not meaningful
Chong Lee Men	43,000	0.01
Fung Tsuey Inn	10,000	Not meaningful
Ho Hoi Wing	198,000	0.03
Woo Sou Fong	100,000	0.01
<b>Total</b>	<b>491,000</b>	<b>0.07</b> <sup>(1)</sup>

Note:

(1) Discrepancy between the sum of the column and the total amount is due to rounding.

In aggregate, the Offeror and the parties acting or presumed to be acting in concert with the Offeror owned or controlled 635,519,564 Shares, representing approximately 86.82% of the total number of issued Shares.

### 6. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 30 August 1972 and was listed on the Catalist of the SGX-ST in 1999. The principal activities of the Company are the provision of supply chain solutions, print and media products.

Further information on the Company and the Group can be found in Appendix II to the Circular.



## **7. EVALUATION OF THE OFFER**

In our evaluation of the Offer, we have taken into account the following factors:

- (a) market performance of the Shares;
- (b) the net asset value of the Group;
- (c) financial performance of the Group;
- (d) comparison of the valuation ratios of the Company implied by the Offer Consideration against those of comparable companies;
- (e) comparison with recently completed privatisation transactions for companies listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”); and
- (f) the New Offeror Shares;
- (g) other considerations.

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

### **7.1 MARKET PERFORMANCE OF THE SHARES**

#### **7.1.1 Historical closing price of the Shares**

We note that the Shares were first traded on the Catalist Board of the SGX-ST on 9 September 1999. The most recent fund-raising exercise of the Company was a rights issue of new ordinary shares (“**Rights Shares**”) completed in July 2018 where the Company allotted and issued 292,814,666 Rights Shares at the issue price of S\$0.011 per Rights Share, on the basis of two (2) Rights Shares for every three (3) existing ordinary shares of the Company, fractional entitlements to be disregarded. There has been no change to the Company’s issued share capital comprising 732,036,666 Shares since the listing and quotation of the Rights Shares on 20 July 2018.

We set out a chart of the daily closing prices and the trade volume of the Shares for the period commencing from 23 July 2018 (being the market day on which the Shares were first trading after the listing and quotation of the Rights Shares) up to 26 February 2021 (being

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER**



the last market day on which the Shares were traded prior to the Latest Practicable Date) as follows:



Source: Bloomberg L.P.

As set out in the chart above, the closing prices of the Shares were on or below the Offer Consideration of S\$0.045 between 23 July 2018 and 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date.

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



We also set out some of the key events of the Company which occurred between 23 July 2018 and the Latest Practicable Date and which may have an impact on the trading prices of the Shares during the aforesaid period:

No.	Date	Event
1	15 August 2018	<p>The Shares closed at S\$0.014 on 15 August 2018 as compared to S\$0.01 on 14 August 2018.</p> <p>On 14 August 2018, the Company announced its unaudited financial statements for the half year ended 30 June (“1H”) 2018 and reported a lower revenue of approximately S\$15.89 million and a lower net loss attributable to owners of the Company of approximately S\$2.35 million for 1H2018 as compared to a revenue of approximately S\$16.01 million and a net loss attributable to owners of the Company of approximately S\$3.01 million for 1H2017.</p>
2	22 October 2019	<p>The Shares closed at S\$0.006 on 22 October 2019 as compared to S\$0.004 on 21 October 2019. The Shares closed higher at S\$0.011 on 24 October 2019.</p> <p>On 22 October 2019, the Company announced that it has put up the Company’s property located at 26 Kallang Avenue Singapore 339417 (the “Property”) for sale with a guide price of S\$30 million and Savills Singapore has been appointed as the sole marketing agent for the sale.</p>
3	18 February 2020	<p>The Shares closed at S\$0.014 on 18 February 2020 as compared to S\$0.009 on 17 February 2020.</p> <p>On 17 February 2020, the Company announced that it has entered into a memorandum of understanding (“MOU”) with an independent third-party purchaser for the sale of the Property for an aggregate consideration of S\$26.0 million upon the terms and subject to the conditions of the MOU (the “Proposed Disposal”).</p> <p>The Company subsequently announced the execution of the sale and purchase agreement dated 31 March 2020 for the Proposed Disposal and announced the completion of the Proposed Disposal on 20 October 2020.</p>
4	29 June 2020	<p>The Shares closed at S\$0.013 on 29 June 2020 as compared to S\$0.009 on 26 June 2020 and the Shares continued to close on an increasing trend until it reached a high of S\$0.043 on 8 July 2020.</p> <p>Saved for the minutes of annual general meeting and extraordinary general meeting (both held on 27 May 2020) being published on 24 June 2020, no announcement was made by the Company within the seven days before and after the period between 29 June 2020 and 8 July 2020.</p>

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



No.	Date	Event
5	29 January 2021	The Shares closed at S\$0.044 on 29 January 2021 as compared to S\$0.04 on 27 January 2021. The Company called for a trading halt prior to the start of trading on 28 January 2021 and the Offeror announced the Offer on the same day. The trading halt of the Shares was lifted at 12 noon on 29 January 2021.

### 7.1.2 Trading statistics of the Shares

We tabulate below selected statistical information on the share price and trading liquidity of the Shares commencing from 23 July 2018 (being the market day on which the Shares were trading after the listing and quotation of the Rights Shares) up to 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date:

	VWAP (1) (S\$)	Premium of Offer Consideration to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)	Average daily traded volume (2)	Average daily traded volume as percentage of free float (3) (%)
<u>Periods up to and including 27 January 2021 (being the date on which the Shares were last traded before the Offer Announcement Date (the “Last Trading Day”))</u>						
Since 23 July 2018	0.0239	88.28	0.049 (4)	0.004	972,153	1.01
Last 24 months	0.0347	29.68	0.049 (4)	0.004	1,054,226	1.09
Last 12 months (3)	0.0355	26.76	0.049 (4)	0.007	1,398,594	1.45
Last 6 months	0.0370	21.62	0.046 (5)	0.018	1,187,714	1.23
Last 3 months	0.0341	31.96	0.043	0.029	579,818	0.60
Last 1 month	0.0359	25.35	0.043	0.029	809,573	0.84
27 January 2021, being the Last Trading Day	0.0395	13.92	0.043	0.035	6,096,500	6.32
<u>Periods after the Offer Announcement Date</u>						
Up to and including 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date	0.0440	2.27%	0.072 (5)	0.044	792,265	0.82

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



	VWAP <sup>(1)</sup> (S\$)	Premium of Offer Consideration to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)	Average daily traded volume <sup>(2)</sup>	Average daily traded volume as percentage of free float <sup>(3)</sup> (%)
On 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date	0.0446	0.90	0.072 <sup>(5)</sup>	0.044	116,000	0.12

Source: Bloomberg L.P.

**Notes:**

- (1) Rounded to four (4) decimal places.
- (2) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded and the total days where the Shares were traded (“**Trading Days**”) during that period. The average daily traded volumes of the Shares will be lower if it is calculated based on the number of days which the SGX-ST is open for trading of securities (“**Market Days**”) as presented in the Offer Document.
- (3) Calculated based on the difference between (i) the Company’s issued share capital of 732,036,666 Shares; and (ii) the 635,519,564 Shares being the sum of Shares held by the Offeror and parties acting or presumed to be acting in concert with the Offeror in connection with the Offer, which amounted to 96,517,102 Shares, representing 13.18% of the Company’s issued share capital as at the Latest Practicable Date.
- (4) The highest trading price of S\$0.049 for the aforesaid periods was transacted on 8 July 2020. A total of 100 Shares were transacted at S\$0.049 on 8 July 2020.
- (5) The highest trading price of S\$0.046 for the aforesaid period was transacted on 8 September 2020. A total of 1,629,600 Shares were transacted at S\$0.046 on 8 September 2020.
- (6) The highest trading price of S\$0.072 for the aforesaid period was transacted on 26 February 2021. A total of 100 Shares were transacted at S\$0.072 on 8 September 2020.

We note the following with regard to the trading prices of the Shares:

- (a) the Shares traded between a wide gap of S\$0.004 and S\$0.049 for the period between 23 July 2018 and the Offer Announcement Date. The gap narrowed to between S\$0.029 and S\$0.043 for the 3-month and 1-month periods prior to and including the Last Trading Day. We also note that only 100 Shares were transacted at the high of S\$0.049 per Share on 8 July 2020;
- (b) the Offer Consideration represents premia of 29.68%, 26.76%, 21.62%, 31.96%, 25.35% and 13.92% to the VWAPs of the Shares respectively for the 24-month, 12-month, 6-month, 3-month, 1-month periods prior to and including the Last Trading Day and on the Last Trading Day;

Page 12 of 34

**Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司** (Registration No. 200002789M)

Address 地址: 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805  
Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>



**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



- (c) for the period after the Offer Announcement Date up to 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date, the Shares were traded between a low of S\$0.044 and a high of S\$0.072, and the Offer Consideration represents a slight premium of 2.27% to the VWAP of the Shares of S\$0.044 for the aforesaid period. As mentioned in the notes to the table above, only 100 Shares were transacted at the high of S\$0.072 per Share during the aforesaid period; and
- (d) on 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date, the Shares were traded between a low of S\$0.044 and a high of S\$0.072, and the Offer Consideration represents a slight premium of 2.27% to the VWAP of the Shares of S\$0.044 on 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date.

We note the following with regard to the trading liquidity of the Shares:

- (i) the average daily traded volume of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day represents less than 1.50% of the free float, respectively. Average daily traded volume during the aforesaid periods was less than 1,400,000 Shares;
- (ii) as mentioned in footnote (1) to the table, the average daily traded volumes of the Shares are calculated based on the total number of Trading Days. The average daily traded volumes of the Shares will be lower if it is calculated based on the number of Market Days during that period. We set out the number of Trading Days and Market Days for the same periods as follows:

	<b>Number of Trading Days</b>	<b>Number of Market Days</b>
<u>Periods up to and including the Last Trading Day</u>		
Since 23 July 2018	194	659
Last 24 months	178	523
Last 12 months <sup>(3)</sup>	130	262
Last 6 months	99	132
Last 3 months	51	66
Last 1 month	15	23
<u>Period after the Offer Announcement Date</u>		
Up to and including 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date	17	22

As set out in the table above, the Shares were traded on less than 50% of the Market Days for the 24-month and 12-month periods prior to and including the Last Trading

Page 13 of 34

## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



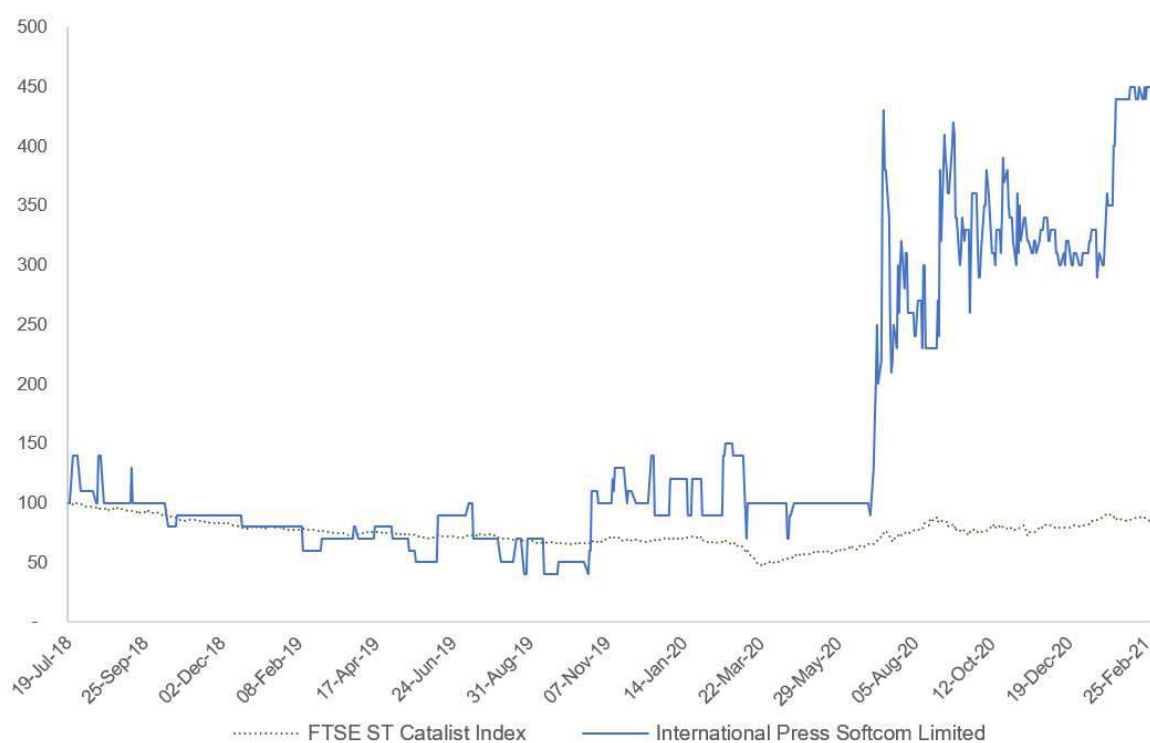
Day. The Trading Days as a percentage of Market Days were higher for the 6-month, 3-months and 1-month periods prior to and including the Last Trading Day;

- (iii) the average daily traded volume of the Shares for the period after the Offer Announcement Date up to 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date represents 0.82% of the free float;
- (iv) the daily traded volume of the Shares on 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date, represents only 0.12% of the free float.

Based on the above, the Shares are relatively illiquid.

### 7.1.3 Market performance of the Shares versus the FTSE ST Catalist Index

In addition, to assess the relative performance of the Shares versus the Singapore equity market, we compare the relative returns of the Shares against the FTSE ST Catalist Index (“**Catalist Index**”), which is a market capitalisation-weighted stock market index that tracks the performance of sponsored companies listed on the SGX-Catalist, for the period between 23 July 2018 and 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date as follows:



Source: Bloomberg L.P.

Page 14 of 34

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



We note that the closing price of the Shares outperformed the Catalyst Index for the period between 24 October 2019 and 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date.

**7.2 THE NET ASSET VALUE (“NAV”) OF THE GROUP**

The NAV of a group refers to the aggregate value of all the assets in their existing condition net of all liabilities of the group, and after deducting net assets attributable to non-controlling interests. The NAV approach may provide an estimate of the value of the Group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle all liabilities of the Group and the balance proceeds, if any, be distributed to all shareholders.

Shareholders should note that such an analysis provides only an estimate of the value of the Group based on a hypothetical scenario, which does not take into account factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers for the assets, which would have an impact on the realisable value of the NAV.

A summary of the latest audited financial position of the Group as at 31 December 2019 and the latest unaudited financial position of the Group as at 31 December 2020 is set out below:

<b>S\$'000</b>	<b>Audited as at 31 December 2019</b>	<b>Unaudited as at 31 December 2020</b>
Current assets	46,496	35,394
Non-current assets	6,170	5,291
<b>Total assets</b>	<b>52,666</b>	<b>40,685</b>
Current liabilities	(19,038)	(11,074)
Non-current liabilities	(593)	(2,141)
<b>Total liabilities</b>	<b>(19,631)</b>	<b>(13,215)</b>
NAV (being total assets less total liabilities)	33,035	27,470
Add: Net liabilities attributable to non-controlling interest	2,878	3,075
<b>NAV attributable to owners of the Company</b>	<b>35,913</b>	<b>30,545</b>
<b>NAV per Share (S\$ cents)</b>	<b>4.91</b>	<b>4.17</b>

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



Based on the Company's issued share capital of 732,036,666 Shares as at the Latest Practicable Date:

- (a) the audited NAV per Share as at 31 December 2019 was approximately S\$0.0491. The Offer Consideration represents a discount of approximately 0.41 cents or 8.27% to the audited NAV per Share, or a price-to-NAV ("P/NAV") ratio of approximately 0.92 times; and
- (b) the unaudited NAV per Share as at 31 December 2020 was approximately S\$0.0417. The Offer Consideration represents a premium of approximately 0.33 cents or 7.85% to the unaudited NAV per Share, or a P/NAV ratio of approximately 1.08 times.

In our evaluation of the NAV of the Group, we also have considered whether there are any assets which should be valued at an amount that is materially different from that which was recorded in the financial positions of the Group as presented in the table above and whether there are any factors in recent announcements made by the Company that are likely to impact the NAV per Share.

**(i) Assets of the Group**

We set out in the table below, the assets which accounted for more than 5% of the NAV of the Group as at the end of the respective financial year:

	<b>As at 31 December</b>			
	<b>2019</b>		<b>2020</b>	
	<b>S\$'000 (Audited)</b>	<b>As a percentage of the Group's NAV</b>	<b>S\$'000 (Unaudited)</b>	<b>As a percentage of the Group's NAV</b>
Property, plant and equipment	3,622	10.97%	4,194	15.27%
Inventories	1,813	5.49%	1,198	4.36%
Trade receivables	7,043	21.32%	5,544	20.18%
Fixed deposits	-	-	9,700	35.31%
Cash and cash equivalents	2,998	9.08%	15,528	56.53%
Non-current assets classified as held for sale	32,829	99.38%	2,261	8.23%

**Property, plant and equipment**

Property, plant and equipment of the Group comprise leasehold factory buildings, plant and machinery, factory equipment, computers, motor vehicles and furniture, fittings and office equipment.

---

## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

---



The property, plant and equipment of the Group increased by approximately S\$572,000 or 15.79% from S\$3.62 million as at 31 December 2019 to S\$4.19 million as at 31 December 2020 due principally to new leases signed by the Group's partially-owned Indian subsidiary in the financial year ended 31 December ("FY") 2020.

### Inventories

The Group's inventories comprise finished goods, raw materials and work-in-progress in relation to the Group's business.

We calculate the inventory turnover days of the Group for FY2020 to be approximately 54 days. This is within the historical range of annual inventory turnover days of 48 days and 64 days of the Group for the preceding five financial years (being FY2015 to FY2019).

### Trade receivables

We calculate the trade receivables turnover days of the Group for FY2020 to be approximately 116 days. This is higher than the historical range of annual trade receivables turnover days of 77 days and 96 days of the Group for the preceding five financial years (being FY2015 to FY2019). We understand that this was due to slower payments from customers due to the economic downturn brought about by the COVID-19 pandemic.

### Cash and cash equivalents

The Group completed the Proposed Disposal on 20 October 2020 and received net proceeds of approximately S\$25.53 million. As a result, the Group's cash and cash equivalents increased from approximately S\$3.00 million as at 31 December 2019 to approximately S\$15.53 million as at 31 December 2020. The Group also pledged approximately S\$9.70 million of the proceeds from the Proposed Disposal to a bank for the Company's bank facilities.

### Non-current assets classified as held for sale

The decrease in the Group's non-current assets classified as held for sale from approximately S\$32.83 million as at 31 December 2019 to approximately S\$2.26 million as at 31 December 2020 was due mainly to the completion of the Proposed Disposal in October 2020. The remaining non-current assets classified as held for sale relates to the Group's single-storey factory and warehouse with an attached double-storey office in Malaysia which was reclassified to assets held for sale since FY2018.

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



**(ii) Liabilities of the Group**

We set out in the table below, the liabilities which accounted for more than 5% of the NAV of the Group as at the end of the respective financial year:

	As at 31 December			
	2019		2020	
	S\$'000 (Audited)	As a percentage of the Group's NAV	S\$'000 (Unaudited)	As a percentage of the Group's NAV
Trade and other payables	4,985	15.09%	5,327	19.39%
Accruals	2,036	6.16%	1,876	6.83%
Interest-bearing bank loans	4,928	14.92%	2,904	10.57%
Liabilities directly associated with assets held for sale	5,013	15.17%	-	-
Lease liabilities	1,026	3.11%	2,402	8.74%

Trade and other payables

The Group's trade and other payables increased by approximately S\$342,000 from approximately S\$4.99 million as at 31 December 2019 to approximately S\$5.33 million as at 31 December 2020. This was due principally to an increase in other payables arising from the one-off goods and services tax payable on the Proposed Disposal completed in October 2020.

Accruals

Accruals refer to accrued operating expenses as at the end of the respective financial year. Accruals decreased slightly by approximately S\$160,000 or 7.85% from approximately S\$2.04 million as at 31 December 2019 to approximately S\$1.88 million as at 31 December 2020 in line with the decline in the Group's overall business activity in FY2020.

Interest-bearing bank loans

The Group's interest-bearing bank loans decreased by approximately S\$2.02 million or 41.08% from approximately S\$4.93 million as at 31 December 2019 to approximately S\$2.90 million as at 31 December 2020 due to the repayment of interest-bearing bank loans of approximately S\$2.00 million in FY2020.

Liabilities directly associated with assets held for sale

The Group's liabilities directly associated with assets held for sale were eliminated as at 31 December 2020 with the completion of the Proposed Disposal in October 2020.

---

## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

---



### Lease liabilities

The Group's lease liabilities increased by approximately S\$1.38 million or 134.03% from approximately S\$1.03 million as at 31 December 2019 to approximately S\$2.40 million as at 31 December 2020 due principally to new leases signed by the Group's partially-owned Indian subsidiary.

The Directors confirm that, to the best of their knowledge and based on information made available to them, as at the Latest Practicable Date:

- (1) there is no event subsequent to 31 December 2020 which would materially affect the NAV of the Group;
- (2) there are no material contingent liabilities, unrecorded earnings or expenses or assets or liabilities that may have a material impact on the NAV of the Group as at 31 December 2020; and
- (3) there is no material change to the accounting policies and methods of computation which may materially affect the NAV of the Group as at 31 December 2020.

In addition, we note from Section 9 of the Offer Document that, in relation to the assets and liabilities of the Group, the Offeror has no current intention to (a) make material changes to the existing business of the Group, or (b) re-deploy the Group's fixed assets.

As such, no adjustment to the NAV per Share is required.

### **7.3 NET TANGIBLE ASSETS ("NTA") PER SHARE**

The NTA based approach is similar to the NAV based approach except that it does not take into account or consideration the presence of any intangible assets in estimating the value of a company or group assuming the hypothetical sale of all its assets.

The Group had intangible assets of approximately S\$914,000 and approximately S\$323,000 as at 31 December 2019 and 31 December 2020, respectively.

After excluding such intangible assets, the Group's NTA attributable to equity holders amounted to approximately S\$35.00 million as at 31 December 2019 and approximately S\$30.22 million as at 31 December 2020.

Based on the Company's issued share capital of 732,036,666 Shares as at the Latest Practicable Date:

- (a) the audited NTA per Share as at 31 December 2019 was approximately S\$0.0478. The Offer Consideration represents a discount of approximately 0.28 cents or 5.88% to the audited NTA per Share, or a price-to-NTA ("**P/NTA**") ratio of approximately 0.94 times; and

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER**



- (b) the unaudited NTA per Share as at 31 December 2020 was approximately S\$0.0413. The Offer Consideration represents a premium of approximately 0.37 cents or 9.00% to the unaudited NTA per Share, or a P/NTA ratio of approximately 1.09 times.

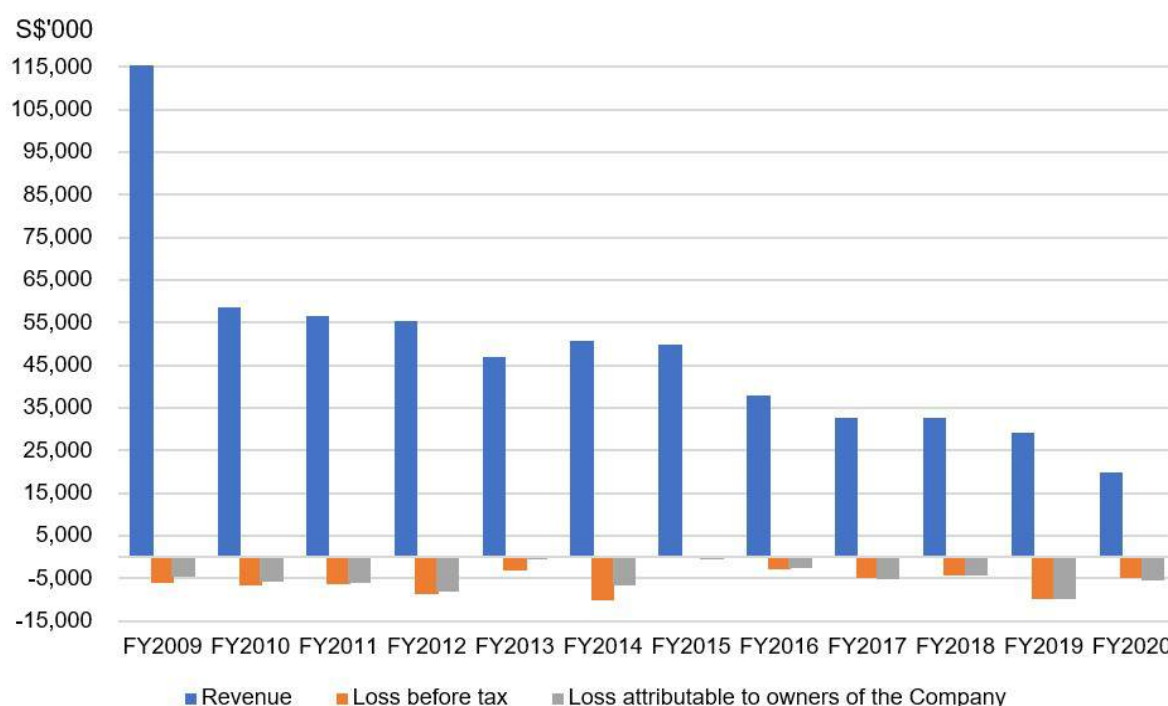
**7.4 EX-CASH OFFER CONSIDERATION VERSUS EX-CASH NAV PER SHARE**

As set out in paragraph 7.2 of this IFA Letter, the Group had fixed deposits (pledged) and cash and cash equivalents aggregating approximately S\$25.23 million as at 31 December 2020 and represented approximately 91.84% of the Group’s unaudited NAV as at 31 December 2020. Given that cash and cash equivalents represent a significant percentage of the NAV of the Group, we have deducted the cash and cash equivalents from the NAV to compare the Offer Consideration vis-à-vis the NAV of the Group, both on an ex-cash basis, as follows:

Aggregate cash (comprising fixed deposits (pledged) and cash and cash equivalents) per Share	S\$0.0345
Ex-cash Offer Consideration	S\$0.0105
Ex-cash NAV per Share	S\$0.0073
Ex-cash Offer Consideration to ex-cash NAV per Share	1.45 times

**7.5 FINANCIAL PERFORMANCE OF THE GROUP**

In our review of the Group’s financial performance, we note that the Group had reported losses since FY2009. We set out the revenue, loss before tax and loss attributable to owners of the Company since FY2009 as follows:





**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



We also summarise the financial results of the Group for the last three completed financial years as follows:

<b>S\$'000</b>	<b>Audited FY2018</b>	<b>Audited FY2019</b>	<b>Unaudited FY2020</b>
Revenue	32,681	29,273	19,867
Loss before tax	(4,454)	(9,789) <sup>(1)</sup>	(4,944)
Loss attributable to owners of the Company	(4,474)	(9,740) <sup>(1)</sup>	(5,601)

*Source: Annual reports and results announcements of the Company.*

**Note:**

- (1) Including impairment loss on assets held for sale of approximately S\$3.74 million and impairment loss on intangible assets of approximately S\$1.23 million.

The Company attributed the decrease in the Group's revenue from approximately S\$32.68 million in FY2018 to approximately S\$29.27 million in FY2019 due to lacklustre demand for the Group's supply chain management services, and the further decrease in the Group's revenue from approximately S\$29.27 million in FY2019 to approximately S\$19.87 million in FY2020 to the economic downturn brought about by the COVID-19 pandemic.

As set out above, the Group reported losses for the last three completed financial years on the back of a declining revenue. According, the price-earnings ("P/E") ratio of the Group (which will be negative) is not meaningful for comparison.

### 7.5.1 Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")

As the Group reported losses for the last three completed financial years, an EBITDA ratio may be applicable.

We calculate the EBITDA of the Group as follows:

<b>S\$'000</b>	<b>Audited FY2018</b>	<b>Audited FY2019</b>	<b>Unaudited FY2020</b>
Loss before tax	(4,454)	(9,789)	(4,944)
Add: Depreciation	2,170	2,825	1,222
Add: Interest expense	296	324	280
Less: Interest income	(38)	(29)	(24)
<b>EBITDA</b>	<b>(2,026)</b>	<b>(6,669)</b>	<b>(3,466)</b>



As set out above, the Group also had negative EBITDA for the last three completed financial years. Accordingly, any EBITDA ratio will be negative and will not be meaningful for comparison.

#### 7.5.2 Dividend Track Record of the Company

We note that the Company does not have a formal dividend policy and has not declared or paid any dividends since the payment of FY2008's dividend (of 0.25 cents for each Share) in FY2009.

#### 7.6 COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE OFFER CONSIDERATION AGAINST THOSE OF COMPARABLE COMPANIES

The Group generates revenue from one principal business segment being supply chain management. Under this business segment, the Group provides a wide range of value-added services which includes supply chain solutions, print and media products which include material procurement, inventory management, logistics management, software replication and order fulfilment. As part of the supply chain management business, the Group also provides printing and packaging services. Comparison is therefore made to companies listed on the SGX-ST whose business is broadly comparable to the Group ("**Comparable Companies**") to assess the Offer Consideration in relation to the valuation of the Comparable Companies as implied by their last traded prices as at the Latest Practicable Date.

**In our selection of the Comparable Companies, we have included companies which provide general printing services as well as companies which provide label printing and packaging services. We wish to highlight that the list of Comparable Companies is not exhaustive and none of the Comparable Companies is identical to the Group in terms of business activities, scale of operations, geographical markets, asset base, risk profile, track record, future prospects and other relevant criteria.** Comparisons may also be affected, *inter alia*, by differences in their accounting policies. Our analysis has not adjusted for such differences. In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Company as at the Latest Practicable Date.

For the comparison of Comparable Companies, we have referred to various valuation measures to provide an indication of current market expectations with regard to the valuation of these companies as below:

Valuation Measure	General Description
P/NAV	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



<b>Valuation Measure</b>	<b>General Description</b>
P/NTA	P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies.

We set out in the table below the list of Comparable Companies, together with a brief description of their business activities which are considered **broadly** comparable to the Group:

<b>Comparable Companies</b>	<b>Business Activities</b>
A-Smart Holdings Ltd. ( <b>"A-Smart"</b> )	A-Smart operates as a holding company. A-Smart, through its subsidiaries, focuses on printing, signage, internet platform, data analytics, cash management, digital payment, green technologies, and augmented reality solutions. A-Smart serves customers in Singapore and Australia.
New Toyo International Holdings Limited ( <b>"New Toyo"</b> )	New Toyo manufactures laminated paper products and non-carbon paper. New Toyo's products include laminated aluminium paper for packaging consumer products, tipping paper for filter tips of cigarettes, non-carbon paper for multiple copies of documents, corrugated carton boxes for packaging, and tissue paper.
Southern Packaging Group Limited ( <b>"Southern Packaging"</b> )	Southern Packaging manufactures and sells flexible and rigid packaging products for the pharmaceutical, food and beverage, and personal care industries.
Tat Seng Packaging Group Limited ( <b>"Tat Seng"</b> )	Tat Seng designs, manufactures, and sells corrugated paper packaging products such as corrugated boards and cartons for the packaging of electronics and electrical, food, pharmaceutical and other products according to customers' specifications.

Source: Bloomberg L.P.

The statistics of the Comparable Companies are computed based on the last traded prices as at the Latest Practicable Date and latest publicly available financial results. We set out in

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



the table below the financial ratios of the Comparable Companies as at the Latest Practicable Date.

<b>Comparable Companies</b>	<b>Market Capitalisation<sup>(1)</sup> (S\$'m)</b>	<b>Profit / (Loss) attributable to equity holders<sup>(2)</sup> (S\$'m)</b>	<b>NAV<sup>(2)</sup> (S\$'m)</b>	<b>NTA<sup>(2)</sup> (S\$'m)</b>	<b>P/NAV ratio (times)</b>	<b>P/NTA ratio (times)</b>
A-Smart	44.72	0.14	16.55	16.72	2.70	2.70
New Toyo	81.29	(7.00)	151.97	127.06	0.53	0.64
Southern Packaging	35.16	0.95 <sup>(3)</sup>	113.47 <sup>(3)</sup>	113.47 <sup>(3)</sup>	0.31	0.31
Tat Seng	113.18	23.13	159.85	159.85	0.71	0.71
Maximum					2.70	2.70
Minimum					0.31	0.31
Mean					1.06	1.09
Median					0.62	0.67
The Company (at the Offer Consideration)	32.94	(5.51)	30.63	30.31	1.08	1.09

*Source: Bloomberg L.P., annual reports and/or announcements of the respective companies.*

**Notes:**

- (1) Based on last traded prices of the respective counters as at the Latest Practicable Date.
- (2) Based on latest available 12 months net profits and net equity attributable to owners as announced by the respective companies.
- (3) Southern Packaging's profit attributable to equity holders is converted to Singapore dollars based on the average month-end exchange rate of one Singapore dollar to Renminbi 5.0044 for FY2020 while its NAV and NTA are converted to Singapore dollars based on the closing exchange rate of one Singapore dollar to Renminbi 4.9402 as at 31 December 2020 (Source: Bloomberg).

For illustrative purpose only, based on the above ratio analysis, we note that:

- (a) the P/NAV ratio of the Company based on the Offer Consideration of 1.08 times is within the range and higher than the mean and median P/NAV ratios of the Comparable Companies; and



- (b) the P/NTA ratio of the Company based on the Offer Consideration of 1.09 times is within the range, same as the mean and higher than the median P/NTA ratios of the Comparable Companies.

## 7.7 COMPARISON WITH RECENTLY COMPLETED PRIVATISATION TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

As disclosed in Section 10 of the Offer Document, the Offeror does not intend to preserve the listing status of the Company and the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer when the conditions for a compulsory acquisition is fulfilled. The Offeror has no intention to undertake or support any action for any trading suspension by the SGX-ST to be lifted in the event that the SGX-ST suspends the trading of the Shares due to the loss of public float.

Accordingly, we have compared the key terms of the Offer with those of selected successful privatisation transactions that were announced and completed since 1 January 2019 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the listing manual of the SGX-ST (the “**Listing Manual**”), offers being made by way of a scheme of arrangement under Section 210 of the Companies Act (Chapter 50 of Singapore) or general takeover offers under the Code where the offeror has stated its intentions to delist the listed company from the SGX-ST (“**Recent Privatisation Transactions**”).

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs prior to the announcement of the respective Recent Privatisation Transactions.

We wish to highlight that the premium that an offeror pays in any particular takeover depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target’s business and assets, size of consideration and existing and desired level of control in the target. The comparison below is made without taking into consideration the underlying liquidity of the shares and the performance of the shares of the relevant companies below. Further, the list of target companies involved in Recent Privatisation Transactions set out in the analysis below are not directly comparable with the Group in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. Hence, the comparison of the Offer with the Recent Privatisation Transactions set out below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Group.

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**



**Premium / (Discount) of offer price over/(to):**

<b>Name of companies</b>	<b>Date of announcement</b>	<b>Type<sup>(1)</sup></b>	<b>Last transacted price (%)</b>	<b>1-month VWAP (%)</b>	<b>3-month VWAP (%)</b>	<b>6-month VWAP (%)</b>	<b>Offer price-to-NAV or RNAV<sup>(2)</sup> (times)</b>
Hi-P International Limited	18-Dec-20	VGO	13.6	23.2	42.3	50.6	2.60
Sunvic Chemical Holdings Limited	20-Nov-20	VGO	27.3	40.0	(3.4)	16.7	0.16 <sup>(3)</sup>
LCT Holdings Limited	16-Sep-20	VGO	39.5	60.8	61.7	61.50	0.91
SK Jewellery Group Limited	2-Sep-20	VGO	70.5	90.2	94.8	93.7	1.31
China Jishan Holdings Limited	20-Aug-20	VGO	84.2	101.3	106.4	116.7	0.78
Teckwah Industrial Corporation Limited	12-Aug-20	VGO	17.1	23.1	25.0	32.4	0.81
Luzhou Bio-chem Technology Limited	30-Jun-20	VGO	100.0	87.5	130.8	150.0	n.a.
Perennial Real Estate Holdings Limited	12-Jun-20	VGO	37.7	46.4	70.1	71.4	0.58
Dynamic Colours Limited	1-Jun-20	VGO	13.6	22.8	29.1	26.8	0.95
Elec & Eltek International Company Limited	3-Apr-20	VGO	93.0	61.3	43.8	48.4	1.00
Breadtalk Group Ltd	24-Feb-20	VGO	19.4	30.1	24.0	25.0	2.81
CITIC Envirotech Ltd.	6-Nov-19	VD	48.6	61.6	68.5	65.5	1.15
PACC Offshore Services Holdings Ltd.	4-Nov-19	VGO	69.3	99.4	93.0	70.2	0.96
Raffles United Holdings Ltd.	25-Oct-19	VGO	(1.5)	–	10.0	15.9	0.28 <sup>(3)</sup>
San Teh Ltd	5-Sep-19	VGO	81.8	90.5	83.0	84.2	0.39
AVIC International Maritime Holdings Limited	27-Aug-19	VGO	37.6	66.7	62.9	64.9	1.20
PS Group Holdings Ltd.	20-Aug-19	VGO	195.0	266.7	267.5	267.5	0.62
Star Pharmaceutical Limited	5-Aug-19	MGO	157.1	160.1	176.1	186.6	0.67

Page 26 of 34

**Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司** (Registration No. 200002789M)

Address 地址: 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER**



**Premium / (Discount) of offer price over/(to):**

<b>Name of companies</b>	<b>Date of announcement</b>	<b>Type<sup>(1)</sup></b>	<b>Last transacted price (%)</b>	<b>1-month VWAP (%)</b>	<b>3-month VWAP (%)</b>	<b>6-month VWAP (%)</b>	<b>Offer price-to-NAV or RNAV<sup>(2)</sup> (times)</b>
Delong Holdings Limited	29-Jul-19	VGO	1.9	8.0	17.9	37.2	0.60
Health Management International Ltd	5-Jul-19	SOA	14.1	23.9	27.8	29.7	5.60 <sup>(3)</sup>
Hupsteel Limited	28-Jun-19	VGO	51.9	58.3	58.6	58.6	0.58
Boardroom Limited	15-May-19	VGO	14.3	18.9	16.1	17.6	2.02
Memtech International Ltd.	14-May-19	VGO	23.9	31.5	31.6	35.6	1.10
800 Super Holdings Limited	6-May-19	VGO	16.1	30.8	31.2	25.3	2.06
Kingboard Copper Foil Holdings Limited	4-Apr-19	VGO	9.1	16.1	25.3	27.4	0.88
Courts Asia Limited	18-Jan-19	VGO	34.9	35.8	34.0	23.5	0.56
Declout Limited	7-Jan-19	VGO	18.2	28.7	47.7	52.9	1.00
PCI Limited	4-Jan-19	SOA	27.9	44.0	47.2	50.9	1.97
Maximum			195.0	266.7	267.5	267.5	5.60
Minimum			1.9	8.0	(3.4)	15.9	0.16
Mean <sup>(3)</sup>			49.3	60.7	61.7	64.0	1.15
Median <sup>(3)</sup>			34.9	44.0	45.5	50.8	0.96
<b>The Company</b> (Based on Offer Consideration)	28-Jan-21	VGO	12.5	25.3	32.0	21.6	1.08

**Notes:**

- (1) VGO – Voluntary General Offer, VD – Voluntary Delisting, MGO – Mandatory General Offer, and SOA – Scheme of Arrangement
- (2) Based on the NAV per share or adjusted/revalued NAV (“RNAV”) per share, where available, as published in the respective circulars of the companies.
- (3) Exclude Health Management International Ltd, Raffles United Holdings Ltd. and Sunvic Chemical Holdings Limited as statistical outliers in the computation of the mean and median offer price-to-NAV/RNAV ratio.

---

## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

---



Based on the above, we note that:

- (i) the premium of the Offer Consideration over the last transacted price, and the VWAPs for the 1-month, 3-month and 6-month periods prior to the Offer Announcement Date, are within the range but lower than the mean and median premia of Recent Privatisation Transactions; and
- (ii) the ratio of the Offer Consideration over the NAV per Share is within the range, lower than the mean but higher than the median P/NAV ratios (or P/RNAV ratios, where available) of the Recent Privatisation Transactions.

### 7.8 The New Offeror Shares

Shareholders may elect to receive the Shares Consideration (being one (1) New Offeror Share) in lieu of the Cash Consideration.

We note that the Offeror is newly incorporated in November 2020. As at the date of the Offer Document, the Offeror has no assets and no liabilities, except that the Offeror will drawdown a bridging loan of S\$5.0 million in the event that the Offer becomes unconditional. On 24 February 2021, UOBKH has announced, for and on behalf of the Offeror, that the Offer has been declared unconditional in all respects.

In addition, with the Offer becoming unconditional, the Offeror has become the single largest shareholder of the Company, holding more than 90% interest in the capital of the Company. The Offeror will become the sole shareholder of the Company upon the completion of the compulsory acquisition. This means that, other than the liabilities relating to the bridging loan, the assets and liabilities of the Offeror will comprise the Group's assets and liabilities.

In the event that all Shareholders elect for the Shares Consideration, the shareholding profile of the Offeror will largely mirror the shareholding profile of the Company.

We would like to draw the Shareholders' attention to Section 6 and Appendices 3 and 4 to the Offer Document which set out information on the Offeror and the risk factors associated with respect to the ownership of the New Offeror Shares.

We wish to highlight the following:

- (a) The Offeror is unlisted.
  - (i) the Offeror is not obliged to comply with the listing requirements of the SGX-ST. As a company incorporated in Singapore, the Offeror still needs to comply with the Companies Act, the Offeror's constitution ("**Constitution**") and the interests of Shareholders who elect the Shares Consideration will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss statement and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented. Save for the information to be presented by the annual general meeting, there will be limited information on



## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



the Offeror on an ongoing basis as there is no requirement for the Offeror to make periodic disclosure or seek shareholders' approvals for transactions which require shareholders' approval under the listing requirements of the SGX-ST. Holders of the New Offeror Shares will not enjoy the same level of corporate governance, protection, transparency and accountability compared to that of a company listed on the SGX-ST;

- (ii) shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability. Therefore, Shareholders who elect for the Shares Consideration may be unable to sell the New Offeror Shares allotted and issued to them in the absence of a public market; and
  - (iii) Shareholder who elects for the Shares Consideration will receive one share certificate for the New Offeror Shares allotted and issued to the Shareholder. There are costs relating to the transfer or changes to the share certificate. For example, if a shareholder wishes to split the one share certificate issued in respect of the New Offeror Shares into two share certificates, the shareholder will be required to pay a fee (subject to goods and services tax) for each new share certificate issued. any transfer or sale of unlisted shares represented by share certificates will be subject to a stamp duty of S\$0.20 for every S\$100.00 or part thereof of the consideration or the net tangible asset value of the Shares transferred based on the latest audited accounts, whichever is higher.
- (b) As set out in Appendix 4 to the Offer Document, the Offeror estimates that it will bear transactional expenses of approximately S\$600,000 as a result of the making and financing of the Offer. The transactional expenses of approximately S\$600,000 represents approximately 12.36% of the Group's unaudited loss before tax of approximately S\$4.85 million for FY2020.

As the Offer has become unconditional, the Offeror would have drawn down a bridging loan of S\$5.0 million. The NAV of the proforma enlarged group (comprising the Offeror and the Group) will be lower than the Group's. Taking into account the above transactional expenses, the consolidated loss before tax of the enlarged group will also be higher than the Group's.

### 7.9 OTHER CONSIDERATIONS

#### (a) Offer declared unconditional on 24 February 2021

As disclosed in the Unconditional Announcement, as at 6.00 p.m. (Singapore time) on 24 February 2021, the Offeror and parties acting or presumed to be acting in concert with the Offeror owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 663,830,617 Shares, representing approximately 90.68% of the total number of issued Shares.

Accordingly, the trading of the Shares will be suspended by the SGX-ST at the close of the Offer as the percentage of Shares held in public hands is less than the requisite 10% of the total number of issued Shares (excluding treasury shares) as required

Page 29 of 34

**Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司** (Registration No. 200002789M)

Address 地址: 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805

Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

---

## APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

---



under Rule 723 of the Listing Manual. Please also refer to the sub-sections below for further discussion on the implications of suspension as well as delisting.

### (b) Implications of suspension

Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90.0% of the Shares excluding treasury shares, thus causing the percentage of Shares excluding treasury shares held in public hands to fall below 10.0%, the SGX-ST will suspend the trading of the Shares only at the close of the Offer.

As mentioned above, as at the Latest Practicable Date, the Offer has been declared unconditional. Accordingly, the trading of the Shares will be suspended upon the close of the Offer. Shareholders who do not accept the Offer will not have a public market to trade in the Shares after the close of the Offer, except that the Shares held by such Shareholders will be compulsory acquired by the Offeror when the Offeror exercises its rights of Compulsory Acquisition. Please refer to the sub-section below for further discussion of the Compulsory Acquisition.

### (c) Implications of delisting

In accordance with Rule 1308 of the Listing Manual, an application may be made to the SGX-ST for the delisting of the Company, where there is an offer under the Code and the offeror is exercising its right of compulsory acquisition. As mentioned above, the Offeror will be exercising its rights of Compulsory Acquisition. Accordingly, the Company will be delisted upon completion of the Compulsory Acquisition, which will be announced by the Offeror in due course.

Shareholders should note that shares of unlisted companies are generally valued at a discount to the shares of listed companies as a result of lack of marketability. Shareholders who do not accept the Offer will not have a public market to trade in the Shares upon delisting. In addition, the Shareholders may receive a lower price as compared to the Offer Consideration if they intend to sell the Shares after the Company is delisted. Shareholders should also note that any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

As an unlisted company, the Company will not be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements and Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual.

### (d) Compulsory acquisition

As disclosed in the Unconditional Announcement, the Offeror is entitled to, and intends to, exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act to compulsorily acquire all Shares of Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer. The Offeror will, in due course, despatch the relevant documentation required under the Companies Act in relation to the exercise of its rights of compulsory acquisition to the Dissenting Shareholders.

Page 30 of 34

---

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**

---



Given that the Offeror will need time to prepare and exercise its rights of Compulsory Acquisition, Shareholders may wish to consider tendering their acceptance in respect of their Offer Shares before 31 March 2021 (being the final closing date of the Offer) in order to receive the consideration in respect of their Offer Shares earlier.

As disclosed in the Unconditional Announcement, the closing date of the Offer is extended from 5.30 p.m. (Singapore time) on 17 March 2021 to 5.30 p.m. (Singapore time) on 31 March 2021 (the “**Final Closing Date**”). The Offeror does not intend to extend the Offer beyond from 5.30 p.m. (Singapore time) on the Final Closing Date. Acceptances received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.

**(e) Rationale for the Offer**

The rationale for the Offer is set out in Section 8 of the Offer Document. We extract in *italics* as follows:

*The Offeror is making the Offer with a view to delisting and privatising the Company.*

*The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company and facilitating the implementation of any strategic initiatives and/or operational changes of the Group to achieve greater efficiency and competitiveness.*

*If the Company is delisted, the Company will be able to save on compliance costs associated with maintenance of a listed status and other regulatory requirements and human resources that have to be committed for such compliance and focus its resources and channel such expenses towards its business operations.*

**(f) No alternative offer**

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

Nonetheless, given that the Offer has been declared unconditional, the likelihood of a competing offer from any third party is remote.

**(g) Transaction costs in connection with the disposal of the Shares**

Given the low liquidity of the Shares (in terms of volume traded and the number of days which the Shares were traded) for the periods set out in paragraph 7.1.2 of this IFA Letter, the Offer presents an opportunity for Shareholders to dispose of their Shares for cash without incurring any transaction costs as opposed to the sale of the Shares in the open markets which will incur expenses such as brokerage commission and/or other trading costs.



## 8. OUR ADVICE

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Offer. We have carefully considered as many factors as we deemed essential and balanced them before arriving at our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Offer:

- (a) the closing prices of the Shares on the SGX-ST were on or below the Offer Consideration for the period between 23 July 2018 and 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date. While the Shares had traded at a high of S\$0.072 on 26 February 2021, the number of Shares traded at S\$0.072 amounted to only 100 Shares;
- (b) the Offer Consideration represents premia of 29.68%, 26.76%, 21.62%, 31.96%, 25.35% and 13.92% to the VWAPs of the Shares respectively for the 24-month, 12-month, 6-month, 3-month, 1-month periods prior to and including the Last Trading Day and on the Last Trading Day;
- (c) the Offer Consideration continues to represent a premium, albeit slightly lower, at 2.27% to the VWAP of the Shares traded after the Offer Announcement Date up to 26 February 2021, being the last market day on which the Shares were traded prior to the Latest Practicable Date;
- (d) the Offer Consideration represents a premium of approximately 7.85% to the latest unaudited NAV per Share and a premium of approximately 9.00% to the latest unaudited NTA per Share;
- (e) the ex-cash Offer Consideration to ex-cash NAV ratio is 1.45 times;
- (f) the P/NAV ratio of the Company based on the Offer Consideration of 1.08 times is within the range and higher than the mean and median P/NAV ratios of the Comparable Companies; and
- (g) the P/NTA ratio of the Company based on the Offer Consideration of 1.09 times is within the range, same as the mean and higher than the median P/NTA ratios of the Comparable Companies; and
- (h) the premia of the Offer Consideration over the corresponding VWAPs and the P/NAV ratio of the Group implied by the Offer Consideration are within the range of the Recent Privatisation Transactions.

---

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**

---



We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

- (i) the Shares has outperformed the Catalist Index since October 2019;
- (ii) the Group has reported losses since FY2009;
- (iii) other relevant consideration as set out in paragraph 7.9 of this IFA Letter.

**Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to accept the Offer, unless Shareholders can obtain a price higher than the Offer Consideration in the open market, taking into account the related expenses such as brokerage and trading costs.**

We note that Shareholders may elect to receive the Cash Consideration or the Shares Consideration. We make no recommendation as to whether Shareholders should elect to receive the Cash Consideration or the Shares Consideration. However, we wish to highlight the following factors in respect of the Shares Consideration:

- (1) as the Offer has become unconditional, the Offeror would have drawn down a bridging loan of S\$5.0 million. In addition, the Offeror expects to incur transactional expenses of approximately S\$600,000 in relation to the Offer. The NAV of the proforma enlarged group (comprising the Offeror and the Group) will be lower than the Group’s and the consolidated loss before tax of the enlarged group will also be higher;
- (2) the Offeror is unlisted. Holders of the New Offeror Shares will not enjoy the same level of corporate governance, protection, transparency and accountability compared to that of a company listed on the SGX-ST;
- (3) shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;
- (4) Shareholders who elect for the Shares Consideration may be unable to sell the New Offeror Shares allotted and issued to them in the absence of a public market; and
- (5) Shareholders who elect for the Shares Consideration will receive share certificates and there are costs relating to any transfers or changes to the share certificates.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, but the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

Page 33 of 34

---

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN  
RESPECT OF THE OFFER**

---

The logo for Xandar Capital, featuring the word "XANDAR" in a large, stylized font above the word "CAPITAL" in a smaller, all-caps font, both in white on a dark blue square background.

This opinion 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  
**XANDAR CAPITAL PTE. LTD.**

LOO CHIN KEONG  
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN  
HEAD OF CORPORATE FINANCE

---

## APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

---

### 1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

<b>Name</b>	<b>Address</b>	<b>Designation</b>
Mr. Tiong Choon Hieng Steven	c/o 80 Robinson Road #02-00, Singapore 068898	Independent Non-Executive Chairman
Mr. Low Song Take	c/o 80 Robinson Road #02-00, Singapore 068898	Founder and Executive Director
Mr. Woo Khai Chong	c/o 80 Robinson Road #02-00, Singapore 068898	Vice Chairman and Executive Director
Mr. Low Ka Choon Kevin	c/o 80 Robinson Road #02-00, Singapore 068898	Managing Director/Chief Executive Officer
Mr. Woo Khai San	c/o 80 Robinson Road #02-00, Singapore 068898	Executive Director
Mr. Neo Gim Kiong	c/o 80 Robinson Road #02-00, Singapore 068898	Lead Independent Director
Mr. Loh Yih	c/o 80 Robinson Road #02-00, Singapore 068898	Independent Director

### 2. REGISTERED OFFICE

The registered office of the Company is 80 Robinson Road #02-00, Singapore 068898.

### 3. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 30 August 1972 and was listed on the Catalist of the SGX-ST in 1999. The principal activities of the Company are the provision of supply chain solutions, print and media products.

### 4. SHARE CAPITAL

#### 4.1 Issued Share Capital

The Company has one (1) class of shares, being ordinary shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$52,770,210 comprising 732,036,666 ordinary shares. The issued Shares are listed and quoted on the Catalist of the SGX-ST.

#### 4.2 Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect of, *inter alia*, capital, dividends and voting are set out in Appendix IX to this Circular.

## APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

### 4.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2020, being the end of the last financial year.

### 4.4 Convertible Securities

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting the Shares.

## 5. DISCLOSURE OF INTERESTS AND DEALINGS

### 5.1 Interest of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries have any direct or deemed interest in the Offeror Securities.

### 5.2 Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, neither the Company nor its subsidiaries have dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

### 5.3 Interests of the Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in the Company Securities as at the Latest Practicable Date:

Name of Director	Direct interest		Deemed interest		Total interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Mr. Tiong Choon Hieng Steven	-	-	-	-	-	-
Mr. Low Song Take <sup>(2) (4)</sup>	49,236,000	6.73	524,082,564	71.59	573,318,564	78.32
Mr. Low Ka Choon Kevin <sup>(2) (4)</sup>	12,474,000	1.70	524,082,564	71.59	536,556,564	73.30
Mr. Woo Khai San <sup>(3) (4)</sup>	24,618,000	3.36	524,082,564	71.59	548,700,564	74.96
Mr. Woo Khai Chong <sup>(3) (4)</sup>	24,618,000	3.36	524,082,564	71.59	548,700,564	74.96
Mr. Neo Gim Kiong	-	-	-	-	-	-
Mr. Loh Yih	-	-	-	-	-	-

#### Notes:

- (1) Based on 732,036,666 issued Shares as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two (2) decimal places.
- (2) Mr. Low Song Take and Mr. Low Ka Choon Kevin are deemed to be interested in 524,082,564 Shares held by International Press Holdings Pte Ltd under Section 4 of the SFA.



## APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

- (3) Mr. Woo Khai Chong and Mr. Woo Khai San are deemed to have an interest in 524,082,564 Shares held by International Press Holdings Pte Ltd under Section 4 of the SFA.
- (4) As at 6.00 p.m. Singapore time on the Latest Practicable Date, the Offeror has received valid acceptances in respect of 676,071,183 Shares pursuant to the Offer. As each of Mr. Low Song Take, Mr. Low Ka Choon Kevin, Mr. Woo Khai Chong and Mr. Woo Khai San is entitled to exercise not less than 20% of the votes attached to the Offeror Shares, pursuant to Section 4 of the SFA, each of them is deemed to have an interest in 676,071,183 Shares acquired by the Offeror pursuant to the Offer as at the Latest Practicable Date. For the avoidance of doubt, the figures relating to the deemed interest of each of the aforementioned directors disclosed in the table above does not include their deemed interest in the Shares arising from their interest in the Offeror as described in this note.

### 5.4 Dealings in Company Securities by the Directors

Save as disclosed in this Circular, none of the Directors has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date:

Director	Transaction date	Number of Company Securities tended in acceptance of the Offer	Aggregate Transaction Price (S\$)	Number of new Offeror Shares to be issued
Mr. Low Song Take	24 February 2021	49,236,000	2,215,620 <sup>(1)</sup>	49,236,000
Mr. Low Ka Choon Kevin	24 February 2021	12,474,000	561,330 <sup>(1)</sup>	12,474,000
Mr. Woo Khai Chong	24 February 2021	24,618,000	1,107,810 <sup>(1)</sup>	24,618,000
Mr. Woo Khai San	24 February 2021	24,618,000	1,107,810 <sup>(1)</sup>	24,618,000

**Note:**

- (1) Based on the issue price of S\$0.045 for each new ordinary share in the capital of the Offeror. For the avoidance of doubt, as disclosed in the Offer Document, the above directors have elected to receive the Shares Consideration as the Offer Consideration for all their Shares.

### 5.5 Interests of the Directors in Offeror Securities

Save as disclosed in this Circular, none of the Directors has any direct or deemed interest in the Offeror Securities as at the Latest Practicable Date.

- (a) As at the Latest Practicable Date, Mr. Low Song Take has a direct interest in one (1) share of the Offeror, representing 25% of the total shareholding of the Offeror.
- (b) As at the Latest Practicable Date, Mr. Low Ka Choon Kevin has a direct interest in one (1) share of the Offeror, representing 25% of the total shareholding of the Offeror.
- (c) As at the Latest Practicable Date, Mr. Woo Khai San has a direct interest in one (1) share of the Offeror, representing 25% of the total shareholding of the Offeror.
- (d) As at the Latest Practicable Date, Mr. Woo Khai Chong has a direct interest in one (1) share of the Offeror, representing 25% of the total shareholding of the Offeror.

---

## APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

---

### 5.6 Dealings in Offeror Securities by the Directors

Save as disclosed in this Circular, none of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date. The Company understands that on 3 November 2020, Mr. Low Ka Choon Kevin, Mr. Low Song Take, Mr. Woo Khai Chong and Mr. Woo Khai San each subscribed for one (1) Offeror Share at S\$1.00 each on the incorporation of the Offeror.

### 5.7 Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations nor funds whose investments are managed by it and/ or its related corporations on a discretionary basis owns or controls any Company Securities.

### 5.8 Dealings in Company Securities by the IFA

During the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/ or its related corporations on a discretionary basis has dealt for value in the Company Securities.

### 5.9 Offeror Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations nor funds whose investments are managed by it and/ or its related corporations on a discretionary basis owns or controls any Offeror Securities.

### 5.10 Dealings in Offeror Securities by the IFA

During the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/ or its related corporations on a discretionary basis has dealt for value in the Offeror Securities.

### 5.11 Intentions of the Directors in respect of their Offer Shares

As at the Latest Practicable Date, the Directors who hold or have a deemed interest in the Shares have indicated their intention in relation to accepting or rejecting the Offer in respect of such Shares as follows:

- (a) As set out in the Offer Document, Mr. Low Ka Choon Kevin has given an Irrevocable Undertaking and, accordingly, will be, *inter alia*, accepting, or procuring the acceptance of, the Offer in respect of all of the Shares held by him and electing to receive the Shares Consideration as the Offer Consideration for all his Shares. Subsequent to the electronic despatch of the Offer Document, Mr. Low Ka Choon Kevin has informed the Company that he has accepted the Offer in respect of all the Shares held by him (directly or indirectly or through a nominee);
- (b) As set out in the Offer Document, Mr. Low Song Take has given an Irrevocable Undertaking and, accordingly, will be, *inter alia*, accepting, or procuring the acceptance of, the Offer in respect of all of the Shares held by him and electing to receive the Shares Consideration as the Offer Consideration for all his Shares. Subsequent to the electronic despatch of the Offer Document, Mr. Low Song Take has informed the Company that he has accepted the Offer in respect of all the Shares held by him (directly or indirectly or through a nominee);
- (c) As set out in the Offer Document, Mr. Woo Khai San has given an Irrevocable Undertaking and, accordingly, will be, *inter alia*, accepting, or procuring the acceptance of, the Offer in respect of all of the Shares held by him and electing to receive the

---

## APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

---

Shares Consideration as the Offer Consideration for all his Shares. Subsequent to the electronic despatch of the Offer Document, Mr. Woo Khai San has informed the Company that he has accepted the Offer in respect of all the Shares held by him (directly or indirectly or through a nominee); and

- (d) As set out in the Offer Document, Mr. Woo Khai Chong has given an Irrevocable Undertaking and, accordingly, will be, *inter alia*, accepting, or procuring the acceptance of, the Offer in respect of all of the Shares held by him and electing to receive the Shares Consideration as the Offer Consideration for all his Shares. Subsequent to the electronic despatch of the Offer Document, Mr. Woo Khai Chong has informed the Company that he has accepted the Offer in respect of all the Shares held by him (directly or indirectly or through a nominee).

The interest of the above Directors in Company Securities is set out under Paragraph 5.3 of Appendix II above; whereas the Irrevocable Undertaking is further described under Section 3.2 of the Offer Document and reproduced in Section 4 of this Circular.

Each of Mr. Tiong Choon Hieng Steven, Mr. Neo Gim Kiong and Mr. Loh Yih does not have any direct or indirect interest in the Shares.

### 6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors and 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; and
- (b) there are no such service contracts between any of the Directors or proposed directors and the Company or its subsidiaries entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit be made or given to any Director or to any 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 Offer;
- (b) save for the Irrevocable Undertaking, there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

### 8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, 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 during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

---

## APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

---

### 9. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

### 10. SUMMARY OF FINANCIAL INFORMATION

#### 10.1 Consolidated Income Statements of the Group

A summary of the audited consolidated income statements of the Group for FY2018 and FY2019 and the unaudited consolidated income statements of the Group for FY2020 is set out below.

	2020	2019	2018
	\$	\$	\$
	(Unaudited)	(Audited)	(Audited)
Revenue	19,867,028	29,273,365	32,680,767
Other operating income	1,017,452	958,970	1,002,377
Changes in stocks of finished goods and work in progress	(169,856)	(52,980)	(216,505)
Raw materials and consumables used	(10,101,125)	(16,156,223)	(16,878,794)
Personnel expenses	(7,093,076)	(8,100,721)	(9,633,538)
Depreciation	(1,222,295)	(2,824,919)	(2,170,016)
Rental, property tax and utilities	(795,744)	(1,018,299)	(2,226,689)
Freight, travelling and transportation expenses	(1,270,323)	(1,967,993)	(2,398,250)
Repair and maintenance expenses	(415,090)	(418,022)	(491,927)
Subcontractor costs	(633,420)	(1,021,117)	(967,426)
Impairment loss on property, plant and equipments	(70,910)	–	–
Impairment loss on financial assets	(254,957)	(19,482)	(96,605)
Impairment loss on intangible assets	(500,000)	(1,226,162)	–
Impairment loss on assets held for sale	–	(3,740,000)	–
Other operating expenses	(2,659,449)	(2,845,475)	(2,810,974)
Gain on liquidation of subsidiary	–	–	12,150
Financial expense – net	(641,980)	(630,080)	(258,210)
<b>Loss before tax</b>	<b>(4,943,745)</b>	<b>(9,789,138)</b>	<b>(4,453,640)</b>
Income tax expense	(910,466)	(83,416)	(234,334)
<b>Loss, net of tax</b>	<b>(5,854,211)</b>	<b>(9,872,554)</b>	<b>(4,687,974)</b>
<b>Loss attributable to:</b>			
Owners of the Company	(5,601,268)	(9,740,211)	(4,473,884)

---

**APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY**

---

	2020	2019	2018
	\$	\$	\$
	(Unaudited)	(Audited)	(Audited)
Non-controlling interests	(252,943)	(132,343)	(214,090)
	(5,854,211)	(9,872,554)	(4,687,974)
<b>Loss per share attributable to owners of the Company</b>			
<b>(cents per share)</b>			
Basic	(0.77)	(1.33)	(0.78)
Diluted	(0.77)	(1.33)	(0.78)

Note: No dividend has been declared in FY2018, FY2019 and FY2020.

The above summary of the audited consolidated income statements of the Group for FY2018 and FY2019 should be read together with the annual reports of the Company and the audited consolidated financial statements of the Group for the relevant years and the related notes thereto, and the above summary of the unaudited consolidated income statements for FY2020 should be read in conjunction with the FY2020 Results and the accompanying notes as set out in the financial statements. Copies of the audited consolidated financial statements of the Group for the relevant financial periods and the FY2020 Results are available for inspection as mentioned under Section 19 of this Circular.

The FY2019 Results and the FY2020 Results are set out in Appendices IV and V to this Circular respectively.

## 10.2 Consolidated Statements of Financial Position

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2018 and 31 December 2019, and the FY2020 Results is set out below.

	2020	Group 2019	2018
	\$	\$	\$
	Unaudited	Audited	Audited
<b>Non-current assets</b>			
Property, plant and equipment	4,193,720	3,622,676	33,707,829
Intangible assets	323,438	914,029	2,208,133
Other receivables and deposits	769,562	930,971	919,445
Deferred tax assets	3,798	703,384	661,590
	5,290,518	6,171,060	37,496,997
<b>Current assets</b>			
Inventories	1,197,540	1,812,790	2,423,808
Trade receivables	5,544,403	7,043,027	8,317,565
Contract assets	102,994	90,578	115,027
Other receivables and deposits	555,785	1,126,190	2,014,394

---

**APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY**

---

	<b>2020</b>	<b>Group</b>	
	<b>\$</b>	<b>2019</b>	<b>2018</b>
	<b>Unaudited</b>	<b>\$</b>	<b>\$</b>
		<b>Audited</b>	<b>Audited</b>
Prepayments	253,424	367,575	184,551
Tax recoverable	250,922	228,154	210,844
Fixed deposits (Restricted)	9,700,000	–	–
Cash and cash equivalents	15,527,588	2,997,915	3,020,755
	33,132,656	13,666,229	16,286,944
Non-current assets classified as held for sale	2,261,378	32,829,274	2,266,204
	35,394,034	46,495,503	18,553,148
<b>Current liabilities</b>			
Trade and other payables	5,326,529	4,985,171	6,335,605
Lease liabilities	459,018	580,166	–
Contract liabilities	–	–	6,195
Accruals	1,876,041	2,035,727	2,145,243
Loan due to holding company	–	306,000	–
Amount due to directors of Company	–	687,500	555,000
Interest-bearing bank loans	2,904,373	4,928,452	3,329,555
Non-interest-bearing loan	322,055	325,895	336,240
Provision for taxation	186,447	176,575	201,733
	11,074,463	14,025,486	12,909,571
Liabilities directly associated with assets held for sale	–	5,012,959	–
	11,074,462	19,038,445	12,909,571
<b>Net current assets</b>	24,319,571	27,457,058	5,643,577
<b>Non-current liabilities</b>			
Deferred tax liabilities	197,831	147,251	177,785
Lease liabilities	1,943,083	446,178	–
<b>Net assets</b>	27,469,175	33,034,689	42,962,789

---

**APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY**

---

	2020	Group 2019	2018
	\$	\$	\$
	Unaudited	Audited	Audited
<b>Equity attributable to owners of the Company</b>			
Share capital	52,618,927	52,618,927	52,618,927
Reserves	(22,075,167)	(16,705,769)	(6,809,413)
	30,543,760	35,913,158	45,809,514
Non-controlling interests	(3,074,585)	(2,878,469)	(2,846,725)
	27,469,175	33,034,689	42,962,789
<b>Total equity</b>	<b>27,469,175</b>	<b>33,034,689</b>	<b>42,962,789</b>

The above summary of the audited consolidated statements of financial position of the Group as at 31 December 2018 and 31 December 2019 should be read together with the annual reports of the Company and the audited consolidated financial statements of the Group for the relevant years and the related notes thereto, and the above summary of the unaudited consolidated statement of financial position as at 31 December 2020 should be read together with the FY2020 Results and the accompanying notes as set out in the financial statements. Copies of the audited consolidated financial statements of the Group for the relevant financial periods and the FY2020 Results are available for inspection as mentioned under Section 19 of this Circular.

The FY2019 Results and the FY2020 Results are set out in Appendices IV and V to this Circular.

### **10.3 Significant Accounting Policies**

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2019 and Section 4 of the FY2020 Results, which are reproduced in Appendices IV and V to this Circular respectively.

Save as disclosed in this Circular and in publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2019 and Section 4 of the FY2020 Results), there are no significant accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

### **10.4 Changes in Accounting Policies**

As set out in the audited financial statements of the Group for FY2019, the Group has adopted the applicable new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are mandatory for the accounting periods beginning on or after 1 January 2019.

As set out in Section 4 of the FY2020 Results, the accounting policies and methods of computation applied in the preparation of the financial statements for FY2020 reported on are consistent with those disclosed in the FY2019 Results, except that the Group has adopted the following amendments to the SFRS(I) that became effective for annual periods beginning on or after 1 January 2020:

- (a) Amendments to SFRS(I) 3: Definition of a Business;
- (b) Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material; and

---

## APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

---

(c) Amendments to References to the Conceptual Framework in SFRS(I) Standards.

The Group had early adopted the Amendments to SFRS(I) 16 COVID-19 *related rent concessions* which is effective for annual periods beginning on 1st June 2020. The Group applied the practical expedient on rent concessions received from landlords and elected not to assess whether a rent concession is a lease modification. The adoption of the amendments to SFRS(I) 16 COVID-19 *related rent concessions* does not have a material impact to the Group's financial statement for the year ended 31 December 2020.

Other than the adoption of the Amendments to SFRS(I) 16 COVID-19 *related rent concessions*, the adoption of the other amendments to SFRS(I) above had no material effect on the Group's financial statements for the current financial year reported on.

Save as disclosed in this Circular and in publicly available information on the Group, as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

### 10.5 Material Changes in Financial Position

Save as disclosed in publicly available information on the Company and in this Circular, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2019, being the date to which the Company's last published audited accounts were made up.

### 10.6 Material Changes in Information

Save as disclosed in this Circular and save for the information relating to the Group and the Offer 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 Offer Announcement Date and ending on the Latest Practicable Date.

## 11. COST AND EXPENSES

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.



## APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

The following additional information on the Offeror has been extracted from Appendix 3 to the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as ascribed to them in the Offer Document.

### APPENDIX 3 ADDITIONAL INFORMATION ON THE OFFEROR

#### 1. DIRECTORS

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

<b>Name</b>	<b>Address</b>	<b>Description</b>
Mr Low Ka Choon Kevin	c/o 80 Robinson Road, #02-00, Singapore 068898	Director
Mr Low Song Take	c/o 80 Robinson Road, #02-00, Singapore 068898	Director
Mr Woo Khai San	c/o 80 Robinson Road, #02-00, Singapore 068898	Director
Mr Woo Khai Chong	c/o 80 Robinson Road, #02-00, Singapore 068898	Director

...

#### 4. FINANCIAL SUMMARY

*As the Offeror was incorporated on 3 November 2020, no audited or unaudited financial statements of the Offeror have been prepared to date.*

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

#### 5. MATERIAL CHANGES IN FINANCIAL POSITION

*As at the Latest Practicable Date, save as a result of the making and financing of the Offer, there has been no known material change in the financial position of the Offeror since its incorporation.*

#### 6. REGISTERED AND PRINCIPAL OFFICE

*The registered office of the Offeror is at 80 Robinson Road, #02-00, Singapore 068898. The Offeror does not have a principal office in Singapore.*

#### 7. INDEBTEDNESS

*United Overseas Bank Limited ("UOB") has granted a letter of offer dated 20 January 2021, pursuant to which UOB has extended a six-month bridging loan ("**Bridging Loan**") of S\$5,000,000 to the Offeror for the purposes of financing the Cash Consideration in the event that the Offer turns unconditional.*

*The Bridging Loan is secured against the following, inter alia:*

- (a) *a joint and several guarantee by Mr Low Ka Choon Kevin, Mr Low Song Take, Mr Woo Khai Chong and Mr Woo Khai San;*
- (b) *a charge over the deposit account with UOB; and*

---

## APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

---

(c) a charge over the interest servicing account with UOB.

The Offeror covenants to UOB that, *inter alia*, so long as any sum remains outstanding under the Bridging Loan:

- (a) the Offeror shall remain wholly owned and controlled at all times (whether directly or indirectly) by Mr Low Ka Choon Kevin, Mr Low Song Take, Mr Woo Khai Chong and Mr Woo Khai San and their family;
- (b) post-completion of the Offer, the Company shall be wholly owned and controlled directly by the Offeror; and
- (c) there shall be no direct or indirect change of control in the shareholding or management of the Company, as determined by UOB in its absolute discretion. In the event of a change, prior written consent from UOB shall be required and UOB shall be entitled to impose such terms and conditions as it deems fit, including the levying of a charge equivalent to the prepayment fee or such other amount as may be advised by UOB.

Save as disclosed in the Offer Document, as at the Latest Practicable Date, there is no material indebtedness such as bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities of the Offeror.

### **8. MATERIAL LITIGATION**

As at the Latest Practicable Date, the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Offeror or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Offeror.

### **9. MATERIAL CONTRACTS WITH INTERESTED PERSONS**

Save as disclosed in this Offer Document, the Offeror has not entered into material contracts (other than those in the ordinary course of business) with an interested person (within the meaning set out in the Note on Rule 23.12 of the Code) from the date of incorporation of the Offeror to the Latest Practicable Date.

---

## **APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019**

---

The audited consolidated financial statements of the Group for FY2019 which are set out below have been reproduced from the Company's annual report for FY2019, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the notes to the audited consolidated financial statements of the Group for FY2019 set out below shall have the same meanings given to them in the annual report of the Company for FY2019.

A copy of the annual report of the Company for FY2019 is available for inspection at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898, during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

**International Press Softcom Limited and Subsidiaries**

**Directors' Statement**

---

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of International Press Softcom Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2019.

**1. Opinion of the directors**

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**2. Directors**

The directors of the Company in office at the date of this statement are:

Low Song Take	(Founder and Executive Director)
Woo Khai Chong	(Vice Chairman)
Woo Khai San	(Executive Director)
Low Ka Choon Kevin	(Managing Director/CEO)
Neo Gim Kiong	(Lead Independent Director)
Loh Yih	(Independent Director)
Tiong Choon Hieng Steven	(Independent Non-Executive Chairman)

In accordance with Articles 117 of the constitution of the Company, Mr. Low Song Take, Mr. Woo Khai San and Mr. Loh Yih retire and, being eligible, offer themselves for re-election.

**3. Arrangements to enable directors to acquire shares and debentures**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

**International Press Softcom Limited and Subsidiaries**

**Directors' Statement**

**4. Directors' interests in shares and debentures**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
	1 January 2019	31 December 2019	21 January 2020	1 January 2019	31 December 2019	21 January 2020
<b>Chee Chun Holdings Pte. Ltd.</b>						
<i>Ordinary shares</i>						
Woo Khai Chong	140,002	140,002	140,002	-	-	-
Woo Khai San	140,001	140,001	140,001	-	-	-
<b>Avantouch Systems Pte Ltd</b>						
<i>Ordinary shares</i>						
Tiong Choon Hieng Steven	-	-	-	836,369	836,369	836,369
Loh Yih	-	-	-	175,019	175,019	175,019
<b>Ze Hua Holdings Pte. Ltd.</b>						
<i>Ordinary shares ("A" shares)</i>						
Low Song Take	28,001	28,001	28,001	28,001	28,001	28,001
<i>Ordinary shares ("B" shares)</i>						
Low Ka Choon Kevin	56,000	56,000	56,000	-	-	-
<b>International Press Softcom Limited</b>						
<i>Ordinary shares</i>						
Low Song Take	49,236,000	49,236,000	49,236,000	524,082,564	524,082,564	524,082,564
Woo Khai Chong	24,618,000	24,618,000	24,618,000	524,082,564	524,082,564	524,082,564
Woo Khai San	24,618,000	24,618,000	24,618,000	524,082,564	524,082,564	524,082,564
Low Ka Choon Kevin	12,474,000	12,474,000	12,474,000	524,082,564	524,082,564	524,082,564

The Company's holding company is International Press Holdings Pte Ltd, incorporated in Singapore. The holding company is equally owned by Chee Chun Holdings Pte. Ltd. and Ze Hua Holdings Pte. Ltd., both incorporated in Singapore.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Messrs. Woo Khai Chong and Woo Khai San are deemed to have an interest in the shares held by Chee Chun Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries. Messrs. Low Song Take and Low Ka Choon Kevin are deemed to have an interest in the shares held by Ze Hua Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

International Press Softcom Limited and Subsidiaries

Directors' Statement

5. Share options

Avantouch Systems Pte Ltd ("Avantouch") – Avantouch Share Option Scheme

The Avantouch Systems Pte. Ltd. Share Option Scheme (the "Scheme") was approved and adopted by the members of Avantouch at an Extraordinary General Meeting held on 30 December 2009.

The Scheme was administered by a committee comprising the following members:

Lee Kia Hwee  
Low Ka Choon Kevin

Under the Scheme, an option entitled the option holder to subscribe for a specific number of new ordinary shares at an exercise price specified in the Letter of Offer of Option. The consideration for the grant of the option was \$1.00.

As at the end of the financial year, the options for the shares of Avantouch Systems Pte Ltd have lapsed.

Date granted	Exercise period	Number of shares under options						Exercise price
		Aggregate options granted and accepted since commencement of scheme	Aggregate options lapsed since commencement of scheme to end of financial year	Aggregate options forfeited since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options lapsed as at end of financial year	Aggregate options outstanding as at end of financial year	
30 December 2009	30 December 2009 to 29 December 2019	826,000	--	--	--	(826,000)	--	\$1 per share payable in full on application
31 March 2010	31 March 2010 to 29 December 2019	18,000	--	--	--	(18,000)	--	\$1 per share payable in full on application

Except as disclosed above, there were no unissued shares of Avantouch or its subsidiaries under options granted by Avantouch or its subsidiaries as at the end of the financial year.

**International Press Softcom Limited and Subsidiaries**

**Directors' Statement**

---


**6. Audit Committee**

The Audit Committee (the "AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are disclosed in the Corporate Governance Report.

**7. Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

x 

Low Song Take  
Director



Low Ka Choon Kevin  
Director

Singapore  
27 March 2020

**International Press Softcom Limited and Subsidiaries****Independent Auditor's Report  
For the financial year ended 31 December 2019****To the Members of International Press Softcom Limited**

---

**Report on the audit of the financial statements****Opinion**

We have audited the financial statements of International Press Softcom Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

**Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



**International Press Softcom Limited and Subsidiaries**

**Independent Auditor's Report  
For the financial year ended 31 December 2019**

**To the Members of International Press Softcom Limited**

---

**Key Audit Matters (cont'd)**

*Impairment assessment of goodwill allocated to Scantrans (India) Pvt. Ltd ("Scantrans")*

As at 31 December 2019, the carrying value of goodwill held by the Group was \$914,029 (2018: \$2,208,133), which was fully allocated to Scantrans, a cash-generating unit ("CGU") by itself. Scantrans continued to incur losses for the year ended 31 December 2019. Management performed an impairment assessment to assess the recoverable amount of Scantrans. The recoverable amount of Scantrans was determined based on value in use calculations using cash flow projections approved by management. We considered the audit of management's impairment assessment of goodwill allocated to Scantrans to be a key audit matter because the assessment process involves management exercising significant judgement and making assumptions of future results of the subsidiary.

We assessed the valuation method used by management and evaluated the key assumptions used in the impairment test, in particular the discount rate, terminal growth rate and budgeted revenue. We evaluated management's forecasting process by comparing actual financial performance against previously forecasted results. We involved our internal valuation specialist to assist us in reviewing the reasonableness of the discount rate and terminal growth used. We evaluated the budgeted revenue by comparing them to historical data as well as considering the viability of future plans, industry outlook and customer portfolio. We also assessed the adequacy of disclosures made on the impairment assessment of goodwill in Note 5 of the financial statements.

**Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**International Press Softcom Limited and Subsidiaries****Independent Auditor's Report  
For the financial year ended 31 December 2019****To the Members of International Press Softcom Limited**

---

**Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**International Press Softcom Limited and Subsidiaries**

**Independent Auditor's Report  
For the financial year ended 31 December 2019**

**To the Members of International Press Softcom Limited**

**Auditor's responsibilities for the audit of the financial statements (cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.



Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
27 March 2020

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Balance Sheets As at 31 December 2019

	Note	Group		Company	
		2019 \$	2018 \$	2019 \$	2018 \$
<b>Non-current assets</b>					
Property, plant and equipment	4	3,622,676	33,707,829	95,582	30,518,273
Intangible assets	5	914,029	2,208,133	–	–
Investments in subsidiaries	6	–	–	7,919,587	10,591,909
Other receivables and deposits	10	930,971	919,445	–	–
Deferred tax assets	18	703,384	661,590	–	–
		6,171,060	37,496,997	8,015,169	41,110,182
<b>Current assets</b>					
Inventories	8	1,812,790	2,423,808	151,250	106,304
Trade receivables	9	7,043,027	8,317,565	238,109	1,087,961
Contract assets	21	90,578	115,027	–	–
Other receivables and deposits	10	1,126,190	2,014,394	324,236	424,303
Prepayments		367,575	184,551	54,543	63,601
Amounts due from subsidiaries (non-trade)	11	–	–	1,011,508	3,030,105
Tax recoverable		228,154	210,844	–	–
Cash and cash equivalents	12	2,997,915	3,020,755	719,175	520,531
		13,666,229	16,286,944	2,498,821	5,232,805
Non-current assets classified as held for sale	7	32,829,274	2,266,204	30,565,828	–
		46,495,503	18,553,148	33,064,649	5,232,805
<b>Current liabilities</b>					
Trade and other payables	13	4,985,171	6,335,605	401,646	470,665
Lease liabilities	29	580,166	–	–	–
Contract liabilities	21	–	6,195	–	–
Accruals	14	2,035,727	2,145,243	890,592	729,747
Amounts due to subsidiaries (non-trade)	11	–	–	114,693	109,692
Loan due to holding company	11	306,000	–	306,000	–
Amount due to directors of Company	15	687,500	555,000	687,500	555,000
Interest-bearing bank loans	16	4,928,452	3,329,555	2,000,000	–
Non-interest-bearing loan	17	325,895	336,240	–	–
Provision for taxation		176,575	201,733	–	–
		14,025,486	12,909,571	4,400,431	1,865,104
Liabilities directly associated with assets held for sale	7	5,012,959	–	5,012,959	–
		19,038,445	12,909,571	9,413,390	1,865,104
<b>Net current assets</b>		27,457,058	5,643,577	23,651,259	3,367,701

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Balance Sheets (cont'd)

As at 31 December 2019

	Note	Group		Company	
		2019 \$	2018 \$	2019 \$	2018 \$
<b>Non-current liabilities</b>					
Deferred tax liabilities	18	147,251	177,785	-	-
Lease liabilities	29	446,178	-	-	-
<b>Net assets</b>		<b>33,034,689</b>	<b>42,962,789</b>	<b>31,666,428</b>	<b>44,477,883</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	19	52,618,927	52,618,927	52,618,927	52,618,927
Reserves	20	(16,705,769)	(6,809,413)	(20,952,499)	(8,141,044)
		35,913,158	45,809,514	31,666,428	44,477,883
Non-controlling interests		(2,878,469)	(2,846,725)	-	-
<b>Total equity</b>		<b>33,034,689</b>	<b>42,962,789</b>	<b>31,666,428</b>	<b>44,477,883</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Consolidated Income Statement For the financial year ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	21	29,273,365	32,680,767
Other operating income	22	958,970	1,002,377
Changes in stocks of finished goods and work in progress		(52,980)	(216,505)
Raw materials and consumables used		(16,156,223)	(16,878,794)
Personnel expenses	23	(8,100,721)	(9,633,538)
Depreciation	4	(2,824,919)	(2,170,016)
Rental, property tax and utilities		(1,018,299)	(2,226,689)
Freight, travelling and transportation expenses		(1,967,993)	(2,398,250)
Repair and maintenance expenses		(418,022)	(491,927)
Subcontractor costs		(1,021,117)	(967,426)
Impairment loss on intangible assets	5	(1,226,162)	–
Impairment loss on assets held for sale		(3,740,000)	–
Other operating expenses		(2,864,957)	(2,907,579)
Gain on liquidation of subsidiary		–	12,150
Financial expense – net	24	(630,080)	(258,210)
<b>Loss before tax</b>	25	(9,789,138)	(4,453,640)
Income tax expense	26	(83,416)	(234,334)
<b>Loss, net of tax</b>		(9,872,554)	(4,687,974)
<b>Loss attributable to:</b>			
Owners of the Company		(9,740,211)	(4,473,884)
Non-controlling interests		(132,343)	(214,090)
		(9,872,554)	(4,687,974)
<b>Loss per share attributable to owners of the Company (cents per share)</b>			
Basic	27	(1.33)	(0.78)
Diluted	27	(1.33)	(0.78)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

---

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019**

---

**International Press Softcom Limited and Subsidiaries****Consolidated Statement of Comprehensive Income  
For the financial year ended 31 December 2019**

---

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Loss, net of tax</b>	(9,872,554)	(4,687,974)
<b>Other comprehensive income:</b>		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation	(55,546)	36,359
<b>Other comprehensive income for the year, net of tax</b>	<u>(55,546)</u>	<u>36,359</u>
<b>Total comprehensive income for the year, net of tax</b>	<u>(9,928,100)</u>	<u>(4,651,615)</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(9,896,356)	(4,586,458)
Non-controlling interests	(31,744)	(65,157)
	<u>(9,928,100)</u>	<u>(4,651,615)</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

International Press Softcom Limited and Subsidiaries

Consolidated Statement of Changes in Equity  
For the financial year ended 31 December 2019

Group 2019	Share capital \$	Revaluation reserve \$	Translation reserve \$	Restricted reserve \$	Other reserves \$	Accumulated losses \$	Equity attributable to owners of the Company, total \$	Non- controlling interests \$	Equity, total \$
At 1 January 2019	52,618,927	-	(169,813)	512,588	2,559,953	(9,712,141)	45,809,514	(2,846,725)	42,962,789
Loss for the year	-	-	-	-	-	(9,740,211)	(9,740,211)	(132,343)	(9,872,554)
Other comprehensive income	-	-	(156,145)	-	-	-	(156,145)	100,599	(55,546)
Foreign currency translation	-	-	(156,145)	-	-	-	(156,145)	100,599	(55,546)
Other comprehensive income for the year, net of tax	-	-	(156,145)	-	-	-	(156,145)	100,599	(55,546)
<b>Total comprehensive income for the year</b>	-	-	(156,145)	-	-	(9,740,211)	(9,896,356)	(31,744)	(9,928,100)
<b>At 31 December 2019</b>	<b>52,618,927</b>	<b>-</b>	<b>(325,958)</b>	<b>512,588</b>	<b>2,559,953</b>	<b>(19,452,352)</b>	<b>35,913,158</b>	<b>(2,878,469)</b>	<b>33,034,689</b>



International Press Softcom Limited and Subsidiaries  
 Consolidated Statement of Changes in Equity  
 For the financial year ended 31 December 2019 (cont'd)

Group 2018	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of the Company, total	Non-controlling interests	Equity, total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2018 (FRS framework)	49,549,249	23,299,113	(3,936,930)	512,588	2,567,736	(24,598,529)	47,393,227	(2,778,973)	44,614,254
Cumulative effects of adopting SFRS(I)	-	(23,299,113)	3,879,691	-	-	19,360,272	(59,150)	-	(59,150)
At 1 January 2018 (SFRS(I) framework)	49,549,249	-	(57,239)	512,588	2,567,736	(5,238,257)	47,334,077	(2,778,973)	44,555,104
Loss for the year	-	-	-	-	-	(4,473,884)	(4,473,884)	(214,090)	(4,687,974)
Other comprehensive income	-	-	(112,574)	-	-	-	(112,574)	148,933	36,359
Foreign currency translation	-	-	(112,574)	-	-	-	(112,574)	148,933	36,359
Other comprehensive income for the year, net of tax	-	-	(112,574)	-	-	-	(112,574)	148,933	36,359
<b>Total comprehensive income for the year</b>	-	-	<b>(112,574)</b>	-	-	<b>(4,473,884)</b>	<b>(4,586,458)</b>	<b>(65,157)</b>	<b>(4,651,615)</b>
Contributions by and distribution to owners									
Issuance of new ordinary shares	3,220,961	-	-	-	-	-	3,220,961	-	3,220,961
Share issuance expense	(151,283)	-	-	-	-	-	(151,283)	-	(151,283)
Others	-	-	-	-	(7,783)	-	(7,783)	(2,595)	(10,378)
<b>Total contributions by and distribution to owners</b>	<b>3,069,678</b>	-	-	-	<b>(7,783)</b>	-	<b>3,061,895</b>	<b>(2,595)</b>	<b>3,059,300</b>
Total transactions with owners in their capacity as owners	3,069,678	-	-	-	(7,783)	-	3,061,895	(2,595)	3,059,300
<b>At 31 December 2018</b>	<b>52,618,927</b>	-	<b>(169,813)</b>	<b>512,588</b>	<b>2,559,953</b>	<b>(9,712,141)</b>	<b>45,809,514</b>	<b>(2,846,725)</b>	<b>42,962,789</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Consolidated Statement of Cash Flows For the financial year ended 31 December 2019

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Loss before tax		(9,789,138)	(4,453,640)
Adjustments for:			
Depreciation	4	2,824,919	2,170,016
Impairment loss on intangible assets		1,226,162	–
Impairment loss on assets held for sale		3,740,000	–
Gain on disposal of property, plant and equipment	22	(4,163)	(101,522)
Gain from assets held for sale		–	(151,531)
Property, plant and equipment written off	4	30,017	35,388
Interest income	24	(29,009)	(37,666)
Interest expense on borrowings	24	323,708	295,876
Finance cost on lease liabilities	24	335,381	–
Gain on voluntary liquidation of subsidiary		–	(12,150)
Bad debts written off		53,434	19,017
Impairment loss on trade receivables	9	93,108	97,296
Reversal of impairment loss on trade receivables	9	(73,626)	(691)
Other receivables written off		11,297	41,234
Allowance for inventory obsolescence	25	49,560	258,802
Allowance for inventory obsolescence written back	25	(243,921)	(129,576)
Inventories written off	25	93,086	52,196
Write back of inventories previously written off	25	(12,549)	(212)
Unrealised exchange loss		74,642	78,509
<b>Operating cash flows before working capital changes</b>		(1,297,092)	(1,838,654)
Changes in working capital:			
Decrease/(increase) in inventories		731,239	(82,134)
Decrease/(increase) in trade receivables and contract assets		1,230,667	(950,998)
Decrease/(increase) in other receivables, deposits and prepayments		596,456	(545,432)
(Decrease)/increase in trade and other payables and contract liabilities		(1,347,816)	264,619
(Decrease)/increase in accruals		(109,516)	28,841
Increase in amount due to directors of Company		132,500	145,000
<b>Cash flows used in operations</b>		(63,562)	(2,978,758)
Interest received		25,500	45,066
Interest paid		(644,365)	(291,537)
Tax paid		(216,915)	(319,934)
<b>Net cash flows used in operating activities</b>		(899,342)	(3,545,163)

---

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019**

---

**International Press Softcom Limited and Subsidiaries**

**Consolidated Cash Flow Statement**

**For the financial year ended 31 December 2019 (cont'd)**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		\$	\$
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(575,967)	(1,142,571)
Proceeds from disposal of property, plant and equipment		38,688	331,347
Proceeds from assets held for sale		–	775,621
<b>Net cash flows used in investing activities</b>		<b>(537,279)</b>	<b>(35,603)</b>
<b>Cash flows from financing activities</b>			
Proceeds from interest-bearing bank loans		2,000,000	213,799
Repayment of interest-bearing bank loans		(298,655)	–
Proceeds from loan from holding company		300,000	–
Repayment of loan to holding company		–	(733,500)
Proceeds from issuance of new shares, net		–	3,069,678
Payment of principal portion of lease liabilities		(590,682)	–
<b>Net cash flows generated from financing activities</b>		<b>1,410,663</b>	<b>2,549,977</b>
Net decrease in cash and cash equivalents		(25,958)	(1,030,789)
Effect of exchange rate changes on cash and cash equivalents		3,118	24,013
Cash and cash equivalents at beginning of year		3,020,755	4,027,531
<b>Cash and cash equivalents at end of year</b>	12	<b>2,997,915</b>	<b>3,020,755</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**1. Corporate information**

International Press Softcom Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The immediate holding company is International Press Holdings Pte Ltd, incorporated in Singapore. The immediate holding company is equally owned by Chee Chun Holdings Pte. Ltd. and Ze Hua Holdings Pte. Ltd., both incorporated in Singapore.

The registered office of International Press Softcom Limited is located at 80 Robinson Road #02-00, Singapore 068898. The address of its principal place of business is International Press Building, 26 Kallang Avenue, Singapore 339417.

The principal activities of the Company are the provision of supply chain solutions, print and media products which include material procurement, inventory management, logistics management and order fulfilment, printing; packaging and software replication.

The principal activities of the subsidiaries are as shown in Note 6 to the financial statements.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$), except when otherwise indicated.

Fundamental accounting concept

The financial statements have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of \$9,872,554 (2018: \$4,687,974) and negative operating cashflows of \$899,342 (2018: \$3,545,163) for the 12 months ended 31 December 2019.

The directors believe that the Group will be able to meet its liabilities as and when they fall due based on the Group's existing financial resources, including the Group's unutilised banking facilities.

In addition, the immediate holding company has also agreed to provide continuing financial support for the next twelve months from the date of the financial statements to enable the Group to meet its liabilities as and when they fall due.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

**2. Summary of significant accounting policies (cont'd)**

**2.2 Adoption of new and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 *Leases* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

**SFRS(I) 16 *Leases***

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption and measured the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised on the balance sheets as at 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	<b>Increase/(decrease)</b>	
	\$	\$
<b>Assets</b>		
Property, plant and equipment	6,203,848	5,080,618
<b>Liabilities</b>		
Lease liabilities	6,203,848	5,080,618

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.2 Adoption of new and amended standards and interpretations (cont'd)****SFRS(I) 16 Leases (cont'd)**

The Group has lease contracts for its office premises, factories and warehouses. Before the adoption of SFRS (I) 16, the Group classified each of its leases at the inception date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.18.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on or after to 1 January 2019 is disclosed in Note 2.18. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

*Leases previously accounted for as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of \$6,203,848 and \$5,080,618 were recognised and presented within property, plant and equipment in the Group's and Company's balance sheet respectively.
- Lease liabilities of \$6,203,848 and \$5,080,618 were recognised for the Group and the Company respectively.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

**2. Summary of significant accounting policies (cont'd)**

**2.2 New and amended standards and interpretations (cont'd)**

SFRS (I) 16 Leases (cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	<b>Group</b>	<b>Company</b>
	<b>\$</b>	<b>\$</b>
Operating lease commitments as at 31 December 2018	11,415,352	10,030,994
Less: Commitments relating to short-term leases	(142,561)	-
	11,272,791	10,030,994
Weighted average incremental borrowing rate as at 1 January 2019	5.5%	5.0%
Discounted operating lease commitments, representing lease liabilities as at 1 January 2019	6,203,848	5,080,618

**2.3 Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the year of initial application.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)**

**2.4 Basis of consolidation and business combinations**

**(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

**(b) Business combinations and goodwill**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.



International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

---

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquires are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount (value in use) of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.6 Foreign currency (cont'd)****(b) Consolidated financial statements**

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rate over the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

**2.7 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Leasehold and freehold factory buildings	3 – 50 years
Leasehold land	Over the remaining lease period of 31 years
Plant and machinery	5 – 10 years
Factory equipment	3 – 10 years
Computers	3 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 – 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.8 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.9 Subsidiaries**

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate balance sheet, investments in subsidiaries are accounted for at cost less any impairment losses.

**2.10 Financial instruments****(a) Financial assets****Initial recognition and measurement**

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

---

2. Summary of significant accounting policies (cont'd)

2.10 *Financial instruments (cont'd)*

(a) **Financial assets (cont'd)**

Subsequent measurement

*Investments in debt instruments at amortised costs*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

There are no financial liabilities designated as financial liabilities at fair value through profit or loss.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.11 Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**2.12 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

**2.13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average cost basis.
- Finished goods: costs include material, all direct expenditures and an attributable portion of overheads determined on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.14 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income is presented as a credit in profit or loss, under "Other operating income".

**2.15 Financial guarantee**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

**2.16 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.17 Employee benefits****(a) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.17 Employee benefits (cont'd)****(c) Termination benefit**

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employment benefits, or other long-term employee benefits.

**2.18 Leases**

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**(a) As lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost of the leased assets reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.18 Leases (cont'd)****(a) As lessee (cont'd)****(i) Right-of-use assets (cont'd)**

Under SFRS (I) 16, the cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The Group's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

**(ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(iii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.



**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.18 Leases (cont'd)****(b) As lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's leasehold factory building is accounted for on a straight-line basis over the lease terms and is included in other operating income in the income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.20(e). Contingent rents are recognised as revenue in the period in which they are earned.

These accounting policies are applied prior to the initial application date of SFRS(I) 16, 1 January 2019:

**(a) As lessee**

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**(b) As lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(e). Contingent rents are recognised as revenue in the period in which they are earned.

**2.19 Non-current assets held for sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal. Costs of disposal are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheets.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)**

**2.20 Revenue**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group sells goods and also provides supply chain management services.

**(a) Sale of goods**

Revenue from sale of goods is recognised when control over the goods has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For goods whereby the Group is restricted contractually from directing for another use and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the units produced.

For goods whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, generally on delivery of goods.

In some bill-and-hold arrangements, even though the Group has not yet delivered the goods to the customer, it has satisfied its performance obligation as control of the good has been transferred to the customer, and all of the following criteria are met: the reason for the bill-and-hold arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer, and the Group does not have the ability to use the good or to direct it to another customer.

**(b) Service income**

Revenue is recognised over time based on the contracted rate when the Group performs the service.

**(c) Interest income**

Interest income is recognised using the effective interest method.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.20 Revenue (cont'd)****(d) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

**(e) Rental income**

Rental income arising from operating leases on leasehold factory building is accounted for on a straight-line basis over the lease terms.

**2.21 Taxes****(a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)**

**2.21 Taxes (cont'd)**

**(b) Deferred tax (cont'd)**

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(c) Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**2. Summary of significant accounting policies (cont'd)****2.22 Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**2.23 Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

**3. Significant accounting judgments and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management has assessed that no significant judgment was involved in the process of applying the Group's accounting policies.

**3.1 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**3. Significant accounting judgments and estimates (cont'd)****3.1 Key sources of estimation uncertainty (cont'd)****(a) Impairment of goodwill**

As disclosed in Note 5 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to is determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used as well as the expected future cash inflows and the terminal growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 5 to the financial statements.

The carrying amount of the goodwill as at 31 December 2019 is \$914,029 (2018: \$2,208,133).

**(b) Allowance for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 9 and Note 32.

The carrying amount of the Group's trade receivables and contract assets as at 31 December 2019 is \$7,043,027 and \$90,578 (2018: \$8,317,565 and \$115,027) respectively. The carrying amount of the Company's trade receivables as at 31 December 2019 is \$238,109 (2018: \$1,087,961).

International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

---

3. Significant accounting judgments and estimates (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(c) *Impairment of investments in subsidiaries*

The Group assesses at the end of each reporting period whether there is any objective evidence that an investment in subsidiary is impaired. Factors such as the subsidiary being in a shortfall position compared to the cost of investment or in a recurring loss-making position are objective evidence of impairment. If any indication exists, the Group makes an estimate of the subsidiary's recoverable amount.

A subsidiary's recoverable amount is the higher of its carrying amount and its value in use. Where the carrying amount of an investment in subsidiary exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the terminal growth rate used for extrapolation purposes. The carrying amount of the Company's investments in subsidiaries is disclosed in Note 6.

(d) *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

4. Property, plant and equipment

Group	Leasehold factory buildings \$	Leasehold land \$	Plant and machinery \$	Factory equipment \$	Computers \$	Motor vehicles \$	Furniture, fittings and office equipment \$	Total \$
<b>Cost</b>								
At 1 January 2018	37,398,050	–	28,427,923	3,606,922	4,577,972	191,317	5,103,138	79,305,322
Additions	–	–	88,807	923,586	46,194	–	104,375	1,162,962
Disposals	–	–	(7,295,576)	(64,799)	(21,056)	(25,366)	(56,676)	(7,463,473)
Written off	–	–	(575,069)	(42,292)	(22,815)	–	(319,559)	(959,735)
Reclassified to assets held for sale	(2,399,510)	–	–	–	–	–	–	(2,399,510)
Translation difference	1,460	–	(329,397)	(165,337)	(43,414)	(1,242)	(30,103)	(568,033)
At 31 December 2018	35,000,000	–	20,316,688	4,258,080	4,536,881	164,709	4,801,175	69,077,533
Effect of adopting SFRS(I) 16	1,123,230	5,080,618	–	–	–	–	–	6,203,848
At 1 January 2019 (restated)	36,123,230	5,080,618	20,316,688	4,258,080	4,536,881	164,709	4,801,175	75,281,381
Additions	426,137	–	132,537	265,111	29,936	–	139,570	993,291
Disposals	–	–	(92,912)	–	–	(29,933)	(31,628)	(154,473)
Written off	–	–	(255,999)	(156,957)	(140,820)	–	(61,893)	(615,669)
Reclassified to assets held for sale	(35,000,000)	(5,080,618)	–	(13,605)	–	–	(303,035)	(40,397,258)
Translation difference	–	–	(219,825)	(105,698)	(26,726)	(149)	(28,340)	(380,738)
At 31 December 2019	1,549,367	–	19,880,489	4,246,931	4,399,271	134,627	4,515,849	34,726,534



**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019**

**International Press Softcom Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the financial year ended 31 December 2019**

Group	Leasehold factory buildings \$	Leasehold land \$	Plant and machinery \$	Factory equipment \$	Computers \$	Motor vehicles \$	Furniture, fittings and office equipment \$	Total \$
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2018	3,955,501	–	26,669,745	2,524,588	4,314,138	131,707	4,349,129	41,944,808
Charge for the year	1,040,031	–	401,942	482,760	90,747	25,611	128,925	2,170,016
Disposals	–	–	(7,067,946)	(54,550)	(31,402)	(24,862)	(54,888)	(7,233,648)
Written off	–	–	(561,883)	(26,212)	(22,107)	–	(314,145)	(924,347)
Reclassified to assets held for sale	(133,306)	–	–	–	–	–	–	(133,306)
Translation difference	(1,115)	–	(289,424)	(101,295)	(36,096)	(1,224)	(24,665)	(453,819)
At 31 December 2018 and 1 January 2019	4,861,111	–	19,152,434	2,825,291	4,315,280	131,232	4,084,356	35,369,704
Charge for the year	1,556,554	163,233	296,639	542,633	89,689	11,463	164,708	2,824,919
Disposals	–	–	(89,011)	–	–	(23,946)	(6,991)	(119,948)
Written off	–	–	(249,445)	(140,904)	(138,811)	–	(56,492)	(585,652)
Reclassified to assets held for sale	(5,833,333)	(163,233)	–	(5,777)	–	–	(89,087)	(6,091,430)
Translation difference	(9,061)	–	(174,113)	(69,715)	(23,084)	(149)	(17,613)	(293,735)
At 31 December 2019	575,271	–	18,936,504	3,151,528	4,243,074	118,600	4,078,881	31,103,858
<b>Net carrying amount</b>								
At 31 December 2019	974,096	–	943,985	1,095,403	156,197	16,027	436,968	3,622,676
At 31 December 2018	30,138,889	–	1,164,254	1,432,789	221,601	33,477	716,819	33,707,829

International Press Softcom Limited and Subsidiaries  
Notes to the Financial Statements  
For the financial year ended 31 December 2019

4. Property, plant and equipment (cont'd)

Company	Leasehold factory building \$	Leasehold land \$	Plant and machinery \$	Factory equipment \$	Computers \$	Motor vehicles \$	Furniture, fittings and office equipment \$	Total \$
<b>Cost</b>								
At 1 January 2018	35,000,000	-	10,546,616	854,978	3,478,041	159,867	3,379,559	53,419,061
Additions	-	-	-	1,800	-	-	17,435	19,235
Disposals	-	-	-	(34,800)	-	-	-	(34,800)
Written off	-	-	-	-	-	-	(14,820)	(14,820)
At 31 December 2018	35,000,000	-	10,546,616	821,978	3,478,041	159,867	3,382,174	53,388,676
Effect of adopting SFRS(I) 16	-	5,080,618	-	-	-	-	-	5,080,618
At 1 January 2019 (restated)	35,000,000	5,080,618	10,546,616	821,978	3,478,041	159,867	3,382,174	58,469,294
Additions	-	-	-	-	4,085	-	4,873	8,958
Disposals	-	-	-	-	-	(29,933)	-	(29,933)
Written off	-	-	-	-	(59,791)	-	-	(59,791)
Reclassified to assets held for sale	(35,000,000)	(5,080,618)	-	(13,605)	-	-	(303,035)	(40,397,258)
At 31 December 2019	-	-	10,546,616	808,373	3,422,335	129,934	3,084,012	17,991,270

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019**

**International Press Softcom Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the financial year ended 31 December 2019**

**4. Property, plant and equipment (cont'd)**

Company	Leasehold factory building \$	Leasehold land \$	Plant and machinery \$	Factory equipment \$	Computers \$	Motor vehicles \$	Furniture, fittings and office equipment \$	Total \$
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2018	3,888,888	–	10,533,875	846,087	3,403,187	100,780	3,085,362	21,858,179
Charge for the year	972,223	–	2,548	1,518	22,456	25,611	37,488	1,061,844
Disposals	–	–	–	(34,800)	–	–	–	(34,800)
Written off	–	–	–	–	–	–	(14,820)	(14,820)
<b>At 31 December 2018 and 1 January 2019</b>	<b>4,861,111</b>	<b>–</b>	<b>10,536,423</b>	<b>812,805</b>	<b>3,425,643</b>	<b>126,391</b>	<b>3,108,030</b>	<b>22,870,403</b>
Charge for the year	972,222	163,233	2,039	1,345	16,099	11,463	34,051	1,200,452
Disposals	–	–	–	–	–	(23,946)	–	(23,946)
Written off	–	–	–	–	(59,791)	–	–	(59,791)
Reclassified to assets held for sale	(5,833,333)	(163,233)	–	(5,777)	–	–	(89,087)	(6,091,430)
<b>At 31 December 2019</b>	<b>–</b>	<b>–</b>	<b>10,538,462</b>	<b>808,373</b>	<b>3,381,951</b>	<b>113,908</b>	<b>3,052,994</b>	<b>17,895,688</b>
<b>Net carrying amount</b>								
At 31 December 2019	–	–	8,154	–	40,384	16,026	31,018	95,582
At 31 December 2018	30,138,889	–	10,193	9,173	52,398	33,476	274,144	30,518,273

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 4. Property, plant and equipment (cont'd)

##### Asset pledged as security

The Company's leasehold factory building with a carrying amount of \$29,166,667 (2018: \$30,138,889) is mortgaged to secure the Group's banking facilities. The leasehold factory building was reclassified to non-current assets classified as held for sale (Note 7) as at 31 December 2019.

For the purpose of consolidated statement of cash flows, purchase of property, plant and equipment comprises the following at 31 December:

	<b>2019</b>	<b>2018</b>
	\$	\$
Additions	993,291	1,162,962
Less: additions of right-of-use assets	(426,137)	-
	567,154	1,162,962
Additions		
Amount payable		
- Remaining unpaid at the end of the financial year	(13,827)	(22,640)
- Opening balance paid during the financial year	22,640	2,249
	575,967	1,142,571

#### 5. Intangible assets

<b>Group</b>	<b>Goodwill</b>
	\$
<b>At cost</b>	
At 1 January 2018	2,997,168
Translation differences	(147,209)
	2,849,959
At 31 December 2018 and 1 January 2019	2,849,959
Translation differences	(67,942)
	2,782,017
<b>At 31 December 2019</b>	<b>2,782,017</b>
<b>Accumulated impairment losses</b>	
At 1 January 2018, 31 December 2018 and 1 January 2019	(641,826)
Impairment loss	(1,226,162)
	(1,867,988)
<b>At 31 December 2019</b>	<b>(1,867,988)</b>
<b>Net carrying amount</b>	
At 31 December 2019	914,029
	914,029
At 31 December 2018	2,208,133
	2,208,133

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

**5. Intangible assets (cont'd)**

Impairment testing of goodwill on consolidation

Goodwill acquired through business combinations have been allocated to two cash-generating units (CGU), which are also the subsidiaries of the Group, for impairment testing as follows:

	<b>2019</b>	<b>2018</b>
	\$	\$
Goodwill allocated to CGU		
- Scantrans (India) Pvt. Ltd ("Scantrans")	914,029	2,208,133
- Avantouch Systems Pte Ltd ("Avantouch")	-	-
	<hr/>	<hr/>
	914,029	2,208,133
	<hr/>	<hr/>

In 2014, the Group fully impaired the goodwill in Avantouch of \$641,826 due to the cessation of Avantouch's operations.

Scantrans continued to incur losses for the year ended 31 December 2019. Management performed an impairment assessment to assess the recoverable amount of Scantrans. The recoverable amount of Scantrans of \$1,940,743 has been determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted terminal growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	<b>2019</b>	<b>2018</b>
Terminal growth rates	0%	0%
Pre-tax discount rate	13%	10%
	<hr/>	<hr/>

As a result of this analysis, management has recognised an impairment charge of \$1,226,162 in the current year against goodwill with a carrying amount of \$2,208,133 as at 31 December 2018.

Key assumptions used in the value in use calculations and sensitivity to changes in assumptions

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Budgeted revenues – Revenues forecasted are based on expected customer orders and industry growth rates. These are increased over the budget period for anticipated increases in sales.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

**5. Intangible assets (cont'd)**

Key assumptions used in the value in use calculations and sensitivity to changes in assumptions (cont'd)

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. A rise in the pre-tax discount rate by 1% would result in a further impairment.

Terminal value – The terminal value is calculated based on the cash flow from the fifth year of the budget and the terminal growth rate and is based on the premise that the CGU is a going concern. A reduction by 1% in the terminal growth rate would result in a further impairment.

Management determined the weighted average growth rate based on past performance and its expectations for market development.

**6. Investments in subsidiaries**

	Company	
	2019	2018
	\$	\$
Shares, at cost	15,385,351	15,385,351
Cost of share-based payments (Note 20) #	340,800	340,800
Less: Allowance for impairment	(9,070,134)	(7,620,000)
	<hr/>	<hr/>
Carrying amount of investments	6,656,017	8,106,151
Loans to subsidiaries, net of impairment	1,263,570	2,485,758
	<hr/>	<hr/>
	7,919,587	10,591,909

# This arose from the share-based payment expense not being re-charged to subsidiaries for the share options granted to the employees of the subsidiaries.

Other than the below, loans to subsidiaries amounting to \$Nil (2018: \$1,095,100) are unsecured, interest-free and have no fixed terms of repayment.

	Company	
	2019	2018
	\$	\$
2.0% p.a. maturing on 30 June 2021	574,352	573,539
3.0% p.a. maturing on 07 April 2022	689,218	817,119

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 6. Investments in subsidiaries (cont'd)

##### Movement in allowance for impairment of investments

	Company	
	2019	2018
	\$	\$
At 1 January	7,620,000	6,970,000
Impairment losses	1,450,134	650,000
At 31 December	9,070,134	7,620,000

During the year, management performed an impairment review of its investments in Scantrans (India) Pvt. Ltd ("Scantrans") and IPSCOM Supply Chain (Shanghai) Co., Ltd ("IPS Shanghai") as these subsidiaries have been incurring losses. Accordingly, impairment losses of \$1,005,106 (2018: \$650,000) and \$445,028 (2018: \$Nil) were recorded against the Company's investments in Scantrans and IPS Shanghai respectively, which represent the write-down of the cost of investments to the estimated recoverable amount of these subsidiaries as at year end.

##### Expected credit losses on loans to subsidiaries

	Company	
	2019	2018
	\$	\$
Movement in allowance account:		
At 1 January	7,833,227	7,833,227
Charge for the year	1,095,100	–
At 31 December	8,928,327	7,833,227

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 6. Investments in subsidiaries (cont'd)

##### (a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment	
			2019 %	2018 %	2019 \$	2018 \$
<b><u>Held by the Company</u></b>						
IP Softcom (Malaysia) Sdn. Bhd. <sup>(1)</sup>	Assembling software packages and peripherals, printed materials, compact discs (CD) and diskettes and manufacturing and duplication of CD and diskettes as well as selling and distribution of computer related products	Malaysia	100	100	2,151,840	2,151,840
IP Ventures Pte Limited <sup>(2)</sup>	Investment holding	Singapore	100	100	2	2
IP Softcom (Shanghai) Co., Ltd <sup>(1)</sup>	Development of all kinds of computer software, manufacturing of computer hardware, electrical & electronics products and its accessories, sales of the products and providing related technical, consulting and after-sales services (subject to license where a license is required)	People's Republic of China	100	100	527,200	527,200
IP Softcom (Shenzhen) Co., Ltd <sup>(1)</sup>	Manufacturing and operating accessories of electronic telecommunication products, computer software, hardware and accessories, providing relevant technical developing and consulting services, processing presswork after printed and providing its related after-sale services	People's Republic of China	100	100	516,000	516,000



## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

#### 6. Investments in subsidiaries (cont'd)

##### (a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment	
			2019 %	2018 %	2019 \$	2018 \$
<b>Held by the Company</b>						
InPac Ventures Pte Ltd <sup>(2)</sup>	Investment holding	Singapore	100	100	200,000	200,000
Greenfield Ventures (M) Sdn Bhd <sup>(1)</sup>	Purchasing, establishing and carry on business as general merchants	Malaysia	100	100	1	1
IP Media (Xiamen) Co., Ltd. <sup>(1)</sup>	Development, manufacture and assembly of electronic and telecommunication products, computer software, hardware and its peripherals and provision of packaging services and the related after-sales services	People's Republic of China	100	100	2,467,503	2,467,503
IP Softcom (India) Private Limited <sup>(1)</sup>	Provision of supply chain management services, software replication, documentation, assembling of software packages and peripherals	India	100	100	555,713	555,713
Scantrans (India) Pvt. Ltd <sup>(1)</sup>	Offset printing and packaging services	India	75	75	7,655,106	7,655,106
International Press Softcom (Vietnam) Co., Ltd <sup>(4)</sup>	Packing of software bundles, software printed manuals, permitted compact discs and other permitted software packages and peripherals. Supply of prepacked software, computer hardware, and industrial and consumer electronics related components and equipment, and supply chain management services incidental to these services	Vietnam	100	100	866,958	866,958

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

#### 6. Investments in subsidiaries (cont'd)

##### (a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment	
			2019 %	2018 %	2019 \$	2018 \$
<b><u>Held by the Company</u></b>						
IPSCOM Supply Chain Co., Ltd <sup>(1)</sup>	Sale of electronic products, printers and related cum accessories; paper products, plastic products, packing materials; office appliances, hardware tools, domestic appliance, the whole sale of electronic components, commission agency (excluding auction), import and export, and providing related supporting services	People's Republic of China	100	100	445,028	445,028
					15,385,351	15,385,351

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 6. Investments in subsidiaries (cont'd)

##### (a) Composition of the Group (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2019 %	2018 %
<b><u>Held through subsidiary, IP Ventures Pte Ltd</u></b>				
Avantouch Systems Pte Ltd <sup>(3)</sup>	Dormant	Singapore	54.71	54.71
<b><u>Held through subsidiary's subsidiary, Avantouch Systems Pte Ltd</u></b>				
Avantouch Software (Suzhou) Co., Ltd <sup>(5)</sup>	Dormant	People's Republic of China	54.71	54.71

(1) Audited by member firms of Ernst & Young Global in the respective countries.

(2) Audited by Ernst & Young LLP, Singapore.

(3) Audited by PK Lim & Co., Chartered Accountants, Singapore.

(4) Audited by BHP Auditing and Accounting Consultancy Co. The entity is audited by member firms of Ernst & Young Global for the purpose of group consolidation.

(5) Audited by Suzhou Sucheng Certified Public Accountants Co., Ltd, People's Republic of China.

##### (b) Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI which are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of interest held by non-controlling interest %	Loss allocated to NCI during the reporting period \$	Accumulated NCI at the end of reporting period \$	Dividends paid to NCI \$
<b>31.12.2019</b>					
Avantouch Systems Pte Ltd	Singapore	45.29	(3,083)	1,175,485	–
Scantrans (India) Pvt. Ltd	India	25.00	(129,260)	1,702,984	–
<b>31.12.2018</b>					
Avantouch Systems Pte Ltd	Singapore	45.29	(4,261)	1,211,788	–
Scantrans (India) Pvt. Ltd	India	25.00	(209,829)	1,634,937	–

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 6. Investments in subsidiaries (cont'd)

##### (c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

##### Summarised balance sheets

	Avantouch Systems Pte Ltd		Scantrans (India) Pvt. Ltd	
	2019 \$	2018 \$	2019 \$	2018 \$
<b>Current</b>				
Assets	–	–	2,214,404	2,816,168
Liabilities	(2,741,329)	(2,821,484)	(9,567,134)	(9,886,362)
Net current liabilities	(2,741,329)	(2,821,484)	(7,352,730)	(7,070,194)
<b>Non-current</b>				
Assets	–	–	1,753,273	3,000,517
Liabilities	–	–	(1,283,383)	(1,246,875)
Net non-current assets	–	–	469,890	1,753,642
Net liabilities	(2,741,329)	(2,821,484)	(6,882,840)	(5,316,552)

##### Summarised statement of comprehensive income

Revenue	–	–	6,748,255	7,531,287
Loss before income tax	(6,807)	(9,408)	(517,039)	(839,316)
Income tax expense	–	–	–	–
Loss after tax	(6,807)	(9,408)	(517,039)	(839,316)
Other comprehensive income	86,962	75,718	244,855	458,564
Total comprehensive income/(loss)	80,155	66,310	(272,184)	(380,752)

##### Other summarised information

Impairment loss on goodwill	–	–	1,226,162	–
-----------------------------	---	---	-----------	---

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 7. Non-current assets classified as held for sale

In December 2019, management committed to a plan to sell the purpose-built 6-storey leasehold factory building held by the Company. Accordingly, the property and its associated assets and liabilities are presented as non-current assets and liabilities classified as held for sale respectively as at 31 December 2019. Efforts to sell the asset have begun and a sale is expected within 1 year from the financial year end. The Group recorded impairment losses of \$3,740,000 to write-down of the assets held for sale to the lower of its carrying amount and its fair value less cost of disposal. The impairment losses have been applied to reduce the carrying amount of the leasehold factory building.

In December 2018, management committed to a plan to sell the single-storey factory and warehouse with 1 attached double-storey office held by the Group's subsidiary in Malaysia. The property was presented as non-current assets classified as held for sale as at 31 December 2018. In 2019, management continues to engage in activities to sell the property and assesses that a sale is expected within 1 year from the financial year end. Accordingly, the property continues to be classified as asset held for sale as at 31 December 2019.

As at 31 December 2019, the non-current assets were stated at the lower of carrying costs or fair value less cost of disposal and comprised the following assets and liabilities:

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
Property, plant and equipment, representing total assets held for sale	32,829,274	2,266,204	30,565,828	–
Lease liabilities, representing total liabilities associated with assets held for sale	(5,012,959)	–	(5,012,959)	–

#### 8. Inventories

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
<b>Balance sheet</b>				
Finished goods	901,519	862,180	151,250	106,304
Work-in-progress	227,393	281,821	–	–
Raw materials	683,878	1,279,807	–	–
Total inventories at lower of cost and net realisable value	1,812,790	2,423,808	151,250	106,304

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 8. Inventories (cont'd)

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
<b>Income statement</b>				
Inventories recognised as an expense in cost of sales	16,209,203	17,095,299	216,653	352,186
Inclusive of the following charge:				
- Allowance for inventory obsolescence	49,560	258,802	-	-
- Allowance for inventory obsolescence written back	(243,921)	(129,576)	-	(18)
- Write back of inventories previously written off	(12,549)	(212)	-	-
- Inventories written off	93,086	52,196	-	-

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts in 2019.

#### 9. Trade receivables

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
Trade receivables	7,218,983	8,478,634	263,782	380,970
Amounts due from subsidiaries (trade)	-	-	941,383	950,129
	7,218,983	8,478,634	1,205,165	1,331,099
Allowance for impairment	(175,956)	(161,069)	(967,056)	(243,138)
Total trade receivables	7,043,027	8,317,565	238,109	1,087,961
<i>Add:</i>				
- Other receivables and deposits (Note 10)	1,260,999	1,564,491	324,236	424,303
- Amount due from subsidiaries (non-trade) (Note 11)	-	-	1,011,508	3,030,105
- Cash and cash equivalents (Note 12)	2,997,915	3,020,755	719,175	520,531
Total financial assets carried at amortised cost	11,301,941	12,902,811	2,293,028	5,062,900

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 9. Trade receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms. They are recognised at their original invoice amounts which represents their fair value on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
- United States Dollars	1,207,437	1,443,041	20,202	535,679
- Australian Dollars	-	1,726	-	-

#### Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL as at 31 December 2019 are as follows:

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
Movement in allowance account:				
At 1 January	161,069	271,724	243,138	434,754
Charge for the year	93,108	97,296	723,918	9,138
Written off	-	(202,683)	-	(200,754)
Written back	(73,626)	(691)	-	-
Exchange differences	(4,595)	(4,577)	-	-
At 31 December	175,956	161,069	967,056	243,138

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 10. Other receivables and deposits

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
<u>Other receivables and deposits</u>				
(Current)				
Deposits	279,706	298,661	24,480	34,990
Advance to employees	5,104	11,139	–	–
Advances to suppliers	102,034	523,428	–	–
Service tax receivable	345,377	519,678	–	–
Other receivables	393,969	661,488	299,756	389,313
	<u>1,126,190</u>	<u>2,014,394</u>	<u>324,236</u>	<u>424,303</u>
Add: <u>Other receivables and deposits (non-current)</u>				
Deposits	495,290	509,386	–	–
Service tax receivable	343,647	315,103	–	–
Other receivables	92,034	94,956	–	–
	<u>930,971</u>	<u>919,445</u>	<u>–</u>	<u>–</u>
Less:				
Advances to suppliers	(102,034)	(523,428)	–	–
Service tax receivable	(689,024)	(834,781)	–	–
Advances to employees	(5,104)	(11,139)	–	–
	<u>(796,162)</u>	<u>(1,369,348)</u>	<u>–</u>	<u>–</u>
Other receivables and deposits carried at amortised cost	<u>1,260,999</u>	<u>1,564,491</u>	<u>324,236</u>	<u>424,303</u>

Included in other receivables of the Company is an amount of \$146,059 (2018: \$231,840) receivable from the non-controlling shareholder of Scantrans as they were unable to meet the profit guarantee as per the terms and conditions in the Joint Venture Agreement entered in 2007.



## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 11. Amounts due from/(to) subsidiaries Loan due to holding company and subsidiary

##### Amounts due from subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest-free, and repayable on demand.

##### Expected credit losses

The movement in allowance for expected credit losses of non-trade amount due from subsidiaries computed based on lifetime ECL as at 31 December 2019 are as follows:

	Company	
	2019	2018
	\$	\$
Movement in allowance account:		
At 1 January	482,221	482,221
Charge for the year	1,865,560	–
	2,347,781	482,221
At 1 January and 31 December 2018	2,347,781	482,221

##### Loan due to holding company and subsidiary

The loan from holding company and subsidiary is unsecured, bears interest at 2.00% (2018: 2.00%) per annum, is to be settled in cash and repayable on demand.

#### 12. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash and bank balances	2,542,785	2,455,460	719,175	520,531
Fixed deposits	455,130	565,295	–	–
	2,997,915	3,020,755	719,175	520,531
Cash and cash equivalents	2,997,915	3,020,755	719,175	520,531

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 12. Cash and cash equivalents (cont'd)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between one week and a year, depending on the immediate cash requirements of the Group and Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2019 for the Group ranges from 1.55% to 7.00% (2018: 1.80% to 7.00%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
- United States Dollars	1,053,322	455,419	166,627	174,128
- Australian Dollars	11,655	391	-	-

#### 13. Trade and other payables

	Group		Company	
	2019 \$	2018 \$	2019 \$	2018 \$
Trade payables	3,929,994	4,818,092	92,692	113,262
Amounts due to subsidiaries (trade)	-	-	-	7,532
Sundry payables	1,037,584	1,494,873	308,954	349,871
Payables in relation to purchase of property, plant and equipment	17,593	22,640	-	-
<b>Total trade and other payables</b>	<b>4,985,171</b>	<b>6,335,605</b>	<b>401,646</b>	<b>470,665</b>
<i>Add:</i>				
- Accruals (Note 14)	2,035,727	2,145,243	890,592	729,747
- Amounts due to subsidiaries (non-trade) (Note 11)	-	-	114,693	109,692
- Loan due to holding company (Note 11)	306,000	-	306,000	-
- Amount due to directors (Note 15)	687,500	555,000	687,500	555,000
- Interest-bearing bank loans (Note 16)	4,928,452	3,329,555	2,000,000	-
- Non-interest-bearing loan (Note 17)	325,895	336,240	-	-
- Lease liabilities (Note 29)	6,039,303	-	5,012,959	-
<b>Total financial liabilities carried at amortised cost</b>	<b>19,308,048</b>	<b>12,701,643</b>	<b>9,413,390</b>	<b>1,865,104</b>

Trade payables are normally settled on 30 to 120 days terms and are non-interest bearing.

---

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

---

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

---

#### 13. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
- United States Dollars	253,848	139,060	53,139	54,056
- Euro	1,435	–	1,435	–

#### 14. Accruals

	Group		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
Accrued operating expenses classified as financial liabilities carried at amortised cost	2,035,727	2,145,243	890,592	729,747

Accruals denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
- United States Dollars	62,087	56,495	62,087	56,495

#### 15. Amount due to directors of Company

The amount due to directors of Company is unsecured, interest-free, and repayable on demand.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

16. Interest-bearing bank loans	Effective interest rate per annum	Maturity	Group		Company	
			2019 \$	2018 \$	2019 \$	2018 \$
<b>Current:</b>						
Bank overdrafts	8.85% (2018: 9.25%)	2020	2,678,286	2,691,332	–	–
Bank overdrafts	8.85% (2018: 9.25%)	2020	250,166	638,223	–	–
Money market loans	3.82% (2018: Nil)	2020	2,000,000	–	2,000,000	–
			4,928,452	3,329,555	2,000,000	–

Bank overdrafts are denominated in Indian Rupee (“INR”) and are secured by a standby letter of credit issued by UOB Bank and over the mortgage of the Company’s leasehold factory building. Money market loan is denominated in SGD and is secured by the same mortgage over the Company’s leasehold factory building.

#### 17. Non-interest bearing loan

The loan due to a non-controlling shareholder of a subsidiary is unsecured and interest-free. The loan is to be settled in cash and is repayable on demand.

A reconciliation of liabilities arising from the Group’s financing activities is as follows:

	1 January 2019 \$	Cash flows \$	Non-cash changes		31 December 2019 \$
			Accretion of interest \$	Foreign exchange movement \$	
Interest-bearing bank loans	3,329,555	1,701,345	–	(102,448)	4,928,452
Non-interest bearing loan	336,240	–	–	(10,345)	325,895
Loan due to holding company	–	300,000	6,000	–	306,000
<b>Total</b>	3,665,795	2,001,345	6,000	(112,793)	5,560,347

	1 January 2018 \$	Cash flows \$	Non-cash changes		31 December 2018 \$
			Accretion of interest \$	Foreign exchange movement \$	
Interest-bearing bank loans	3,323,473	213,799	–	(207,717)	3,329,555
Non-interest bearing loan	358,656	–	–	(22,416)	336,240
Loan due to holding company	733,500	(733,500)	–	–	–
<b>Total</b>	4,415,629	(519,701)	–	(230,133)	3,665,795

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 18. Deferred tax

Deferred tax as at 31 December relates to the following:

Group 2019	At 1 January \$	Credited/ (charged) to the income statement \$	Recognised in equity \$	Translation difference \$	At 31 December \$
<b>Deferred tax liabilities</b>					
Differences in depreciation	(3,818,537)	3,570,241	–	1,376	(246,920)
Undistributed earnings of subsidiaries	(35,000)	17,000	–	–	(18,000)
Other sundry timing differences	(4,652)	1,973	–	157	(2,522)
<b>Gross Total</b>	<b>(3,858,189)</b>	<b>3,589,214</b>	<b>–</b>	<b>1,533</b>	<b>(267,442)</b>
<b>Deferred tax assets</b>					
Provisions	547,345	14,336	–	(17,382)	544,299
Differences in depreciation	122,678	49,359	–	(3,472)	168,565
Other sundry timing differences	472,866	(360,910)	–	(1,245)	110,711
Unutilised tax losses	3,199,105	(3,199,105)	–	–	–
<b>Gross Total</b>	<b>4,341,994</b>	<b>(3,496,320)</b>	<b>–</b>	<b>(22,099)</b>	<b>823,575</b>
<b>2018</b>					
<b>Deferred tax liabilities</b>					
Differences in depreciation	(4,225,030)	402,179	4,706	(392)	(3,818,537)
Undistributed earnings of subsidiaries	(35,000)	–	–	–	(35,000)
Other sundry timing differences	–	(4,573)	–	(79)	(4,652)
<b>Gross Total</b>	<b>(4,260,030)</b>	<b>397,606</b>	<b>4,706</b>	<b>(471)</b>	<b>(3,858,189)</b>
<b>Deferred tax assets</b>					
Provisions	536,760	27,308	–	(16,723)	547,345
Differences in depreciation	147,705	(19,287)	–	(5,740)	122,678
Other sundry timing differences	693,738	(218,251)	–	(2,621)	472,866
Unutilised tax losses	3,199,105	–	–	–	3,199,105
<b>Gross Total</b>	<b>4,577,308</b>	<b>(210,230)</b>	<b>–</b>	<b>(25,084)</b>	<b>4,341,994</b>

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 18. Deferred tax (cont'd)

Company 2019	At 1 January \$	Credited/ (charged) to the income statement \$	Recognised in equity \$	At 31 December \$
<b>Deferred tax liabilities</b>				
Differences in depreciation	(3,560,282)	3,488,709	–	(71,573)
<b>Gross Total</b>	<b>(3,560,282)</b>	<b>3,488,709</b>	<b>–</b>	<b>(71,573)</b>
<b>Deferred tax assets</b>				
Other sundry timing differences	361,177	(289,604)	–	71,573
Unutilised tax losses	3,199,105	(3,199,105)	–	–
<b>Gross Total</b>	<b>3,560,282</b>	<b>(3,488,709)</b>	<b>–</b>	<b>71,573</b>
<b>2018</b>				
<b>Deferred tax liabilities</b>				
Differences in depreciation	(3,767,944)	207,662	–	(3,560,282)
<b>Gross Total</b>	<b>(3,767,944)</b>	<b>207,662</b>	<b>–</b>	<b>(3,560,282)</b>
<b>Deferred tax assets</b>				
Other sundry timing differences	568,839	(207,662)	–	361,177
Unutilised tax losses	3,199,105	–	–	3,199,105
<b>Gross Total</b>	<b>3,767,944</b>	<b>(207,662)</b>	<b>–</b>	<b>3,560,282</b>

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 18. Deferred tax (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

<b>Group 2019</b>	<b>Gross total \$</b>	<b>Offsetting amounts \$</b>	<b>Net total on balance sheet \$</b>
Deferred tax liabilities	(267,442)	120,191	(147,251)
Deferred tax assets	823,575	(120,191)	703,384
<b>Group 2018</b>	<b>Gross total \$</b>	<b>Offsetting amounts \$</b>	<b>Net total on balance sheet \$</b>
Deferred tax liabilities	(3,858,189)	3,680,404	(177,785)
Deferred tax assets	4,341,994	(3,680,404)	661,590
		<b>Company</b>	
		<b>2019 \$</b>	<b>2018 \$</b>
Deferred tax liabilities		(71,573)	(3,560,282)
Deferred tax assets		71,573	3,560,282
Net deferred tax liability		-	-

#### Unrecognised tax losses

As at the end of the reporting period, the Group had unutilised wear and tear allowances and tax losses of approximately \$8,663,000 (2018: \$8,534,000) and \$41,547,000 (2018: \$19,429,000) respectively, which are available for offset against future taxable income of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 19. Share capital

	2019		2018	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares:				
At 1 January	732,036,666	52,618,927	439,222,000	49,549,249
Issuance of new ordinary shares arising from the rights issue	–	–	292,814,666	3,220,961
Share issuance expense	–	–	–	(151,283)
At 31 December	732,036,666	52,618,927	732,036,666	52,618,927

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During 2018, the Company issued new ordinary shares pursuant to a rights issue on the basis of two (2) rights shares for every three (3) existing ordinary shares in the capital of the Company at an issued price of \$0.011 per rights share.

#### 20. Reserves

	Group		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
Translation reserve (a)	(325,958)	(169,813)	–	–
Restricted reserve (b)	512,588	512,588	–	–
Other reserves (c)	2,559,953	2,559,953	340,800	340,800
Accumulated loss	(19,452,352)	(9,712,141)	(21,293,299)	(8,481,844)
	(16,705,769)	(6,809,413)	(20,952,499)	(8,141,044)



**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

**20. Reserves (cont'd)**

Movement in reserves for the Group is disclosed in the Consolidated Statement of Changes in Equity. Movement in reserves for the Company is set out below:

<b>Company</b>	<b>Revaluation reserve</b>	<b>Other reserves</b>	<b>Accumulated losses</b>	<b>Total reserves</b>
<b>2019</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 1 January 2019	–	340,800	(8,481,844)	(8,141,044)
Loss for the year	–	–	(12,811,455)	(12,811,455)
At 31 December 2019	–	340,800	(21,293,299)	(20,952,499)
<b>2018</b>				
At 1 January 2018	–	340,800	(4,267,469)	(3,926,669)
Loss for the year	–	–	(4,214,375)	(4,214,375)
At 31 December 2018	–	340,800	(8,481,844)	(8,141,044)

*(a) Translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

*(b) Restricted reserve*

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China (PRC), the subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 20. Reserves (cont'd)

##### (c) Other reserves

The Group adopted the entity concept method to account for additional shares in subsidiaries acquired from non-controlling interests. Any acquisition of additional shares from non-controlling interests is treated as being a transaction between owners and the difference between the share of the assets and liabilities acquired from the non-controlling interests and the cost of the additional interests in the subsidiary acquired is reflected as discount arising from the purchase of non-controlling interests shares in other reserve.

The reserve includes equity-settled share options granted to employees of the Group. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

#### 21. Revenue

##### (a) Disaggregation of revenue

Segment	Group	
	Supply Chain Management 2019 \$	2018 \$
<b>Primary geographical markets</b>		
Singapore	1,536,953	1,864,501
Malaysia	3,112,486	3,828,316
People's Republic of China	6,312,139	7,450,736
India	11,019,721	13,280,153
Vietnam	7,292,066	6,232,500
Australia	–	24,561
	29,273,365	32,680,767
<b>Timing of transfer of goods or services</b>		
At a point in time	24,283,013	27,600,927
Over time	4,990,352	5,079,840
	29,273,365	32,680,767

##### (b) Judgement and methods used in estimating revenue

Management is of the opinion that there is no significant judgement and estimates used in the revenue recognition process.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 21. Revenue (cont'd)

##### (c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2019	2018
	\$	\$
Receivables from contracts with customer (Note 9)	7,043,027	8,317,565
Contract assets	90,578	115,027
Contract liabilities	–	6,195
	7,133,605	8,438,787

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to \$19,482 (2018: \$96,605).

Contract assets relate to the Group's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

#### 22. Other operating income

	Group	
	2019	2018
	\$	\$
Rental income	532,928	439,393
Allowance for stocks obsolescence written back, net	194,361	–
Net gain on disposal of assets	4,163	101,522
Gain from assets held for sale	–	151,531
Scrap sales and other services rendered to customers	196,972	186,529
Insurances claims and grants	30,546	123,402
	958,970	1,002,377

#### 23. Personnel expenses

	Group	
	2019	2018
	\$	\$
Wages and salaries	6,212,404	7,433,097
Central Provident Fund and other pension costs	712,420	849,655
Other personnel related expenses	1,175,897	1,350,786
	8,100,721	9,633,538

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 24. Financial expense – net

	Group	
	2019	2018
	\$	\$
Interest income		
- Bank deposits carried at amortised cost	(29,009)	(37,666)
Interest expense		
- Bank loans and overdraft carried at amortised cost	323,708	286,330
- Finance cost on lease liabilities	335,381	–
- Others	–	9,546
	630,080	258,210

#### 25. Loss before tax

The following items have been included in arriving at loss before tax:

	Group	
	2019	2018
	\$	\$
Audit fees		
- auditors of the Company	84,500	84,500
- affiliates of auditors of the Company	126,568	133,787
- other auditors of the Company	8,192	6,165
Non-audit fees		
- auditors of the Company	11,000	11,000
Directors' fees		
- Directors of the Company	132,500	132,500
- Directors of subsidiaries	41,475	47,541
Bad debts written off	53,434	19,017
Allowance for inventory obsolescence	49,560	258,802
Allowance for inventory obsolescence written back	(243,921)	(129,576)
Write back of inventories previously written off	(12,549)	(212)
Inventories written off	93,086	52,196
Realised exchange loss	19,717	144,534
Unrealised exchange loss	319,507	106,243
Operating lease expenses	196,871	1,274,026

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 26. Income tax expense

##### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	2018
	\$	\$
<b>Consolidated income statement</b>		
Current income tax:		
- current income tax:	176,310	415,459
- under provision in respect of prior years	-	6,251
Deferred income tax (Note 18):		
- current year	(92,894)	(187,619)
- under provision in respect of prior years	-	243
Tax expense recognised in the income statement	83,416	234,334

##### Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	2018
	\$	\$
Loss before tax	(9,789,138)	(4,453,640)
Tax at the domestic rates applicable to profits in the countries concerned	(1,676,343)	(595,343)
Effect of reduction in tax rate	-	(186,162)
Income not subject to tax	(99,467)	(351,907)
Expenses not deductible for tax purposes	1,347,464	688,367
Benefits from previously unrecognised tax losses	(25,586)	-
Under provision in respect of prior years	-	6,494
Deferred tax asset not recognised	618,876	677,194
Effect of partial tax exemption and tax relief	(75,607)	-
Others	(5,921)	(4,309)
Tax expense recognised in the income statement	83,416	234,334

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 27. Earnings per share

The basic earnings per share are calculated by dividing the loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing loss, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted number of ordinary shares that would be issued on the conversion of any dilutive potential ordinary shares into ordinary shares.

The following tables reflect the loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2019	2018
	\$	\$
Loss for the year attributable to owners of the Company used in the computation of basic earnings per share	(9,740,211)	(4,473,884)
	<hr/>	
	Group	
	2019	2018
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	732,036,666	573,996,969
	<hr/>	

#### 28. Commitments and contingent liabilities

##### (a) Contingent liabilities

###### Corporate guarantees

The Company has provided a corporate guarantee to a bank for a \$4,872,420 (2018: \$3,329,555) banking facilities utilised by its India subsidiary companies, which could be called within the next one year.

##### (b) Operating lease commitments – as lessee

Future minimum lease payments payable under non-cancellable operating leases as at 31 December 18 are as follows:

	Group	Company
	2018	2018
	\$	\$
<i>Future minimum lease payments</i>		
Not later than one year	938,043	320,200
Later than one year but not later than five years	2,055,915	1,289,400
Later than five years	8,421,394	8,421,394
	<hr/>	
	11,415,352	10,030,994
	<hr/>	

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 29. Leases

##### Group as a lessee

The Group have operating lease commitments in respect of office, factory and residential premises. These leases have an average life of between 1 year and 60 years with both renewal and non-renewal option included in the contracts. In addition, there is no escalation clause included in the contracts. There are no restrictions placed upon the Group or the Company by entering into these leases.

The Group also has certain leases of factory with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	<b>Group 2019</b>	<b>Company 2019</b>
	\$	\$
<b>At 1 January</b>	6,203,848	5,080,618
Additions	426,137	–
Depreciation charge for the year	(747,565)	(163,233)
Reclassified to assets held for sale	(4,917,385)	(4,917,385)
Exchange differences	9,061	–
<b>As at 31 December</b>	974,096	–

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	<b>Group 2019</b>	<b>Company 2019</b>
	\$	\$
<b>As at 1 January</b>	6,203,848	5,080,618
Additions	426,137	–
Accretion of interest	335,381	252,541
Payments	(934,120)	(320,200)
Exchange differences	8,057	–
<b>As at 31 December</b>	6,039,303	5,012,959
<i>Presented as</i>		
- Current	580,166	–
- Non-current	446,178	–
- Liabilities held for sale (current)	5,012,959	5,012,959

The maturity analysis of lease liabilities is disclosed in Note 32.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 29. Leases (cont'd)

##### Group as a lessee (cont'd)

(c) Amounts recognised in profit or loss

	<b>Group 2019 \$</b>
Depreciation expense of right-of-use assets	747,565
Interest expense on lease liabilities	335,381
Lease expense not capitalised in lease liabilities - Expense relating to short-term leases	196,871
<b>Total amount recognised in profit or loss</b>	<b>1,279,817</b>

(d) Total cash outflow

The Group had total cash outflows for leases of \$1,130,991 in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of \$426,137 in 2019 (2018: \$Nil).

##### Group as a lessor

The Group has entered into commercial property leases on its leasehold factory building. These non-cancellable leases have remaining lease term of less than a year to not later than three years. Rental income recognised by the Group during the year is \$532,928 (2018: \$439,393)

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	\$	\$
Future minimum rental receivables		
Not later than one year	341,700	433,128
Later than one year but not later than five years	160,000	352,000
	501,700	785,128



## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

### 30. Related party disclosures

#### (a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2019	2018
	\$	\$
Interest payable to holding company	6,000	–

#### (b) Compensation of key management personnel

	Group	
	2019	2018
	\$	\$
Short-term employee benefits	1,538,348	1,627,418
Central Provident Fund contributions	69,996	83,338
<b>Total compensation paid to key management personnel</b>	<b>1,608,344</b>	<b>1,710,756</b>
<i>Comprise amounts paid to:</i>		
Directors of the Company	960,523	918,220
Other key management personnel	647,821	792,536
	<b>1,608,344</b>	<b>1,710,756</b>

The remuneration of key management personnel are determined by the remuneration committee having regards to the performance of individuals and market trends.

### 31. Fair value of assets and liabilities

#### (a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 31. Fair value of assets and liabilities (cont'd)

##### (b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Note	Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant unobservable inputs (Level 3) \$
<b>Group and Company</b>				
<b>2019</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Non-current assets, less				
liabilities, classified as held for				
sale*	7	–	–	25,552,869
<hr/>				
<b>2018</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Non-current assets, less				
liabilities, classified as held for				
sale	7	–	–	–
<hr/>				

\* Non-current assets classified as held for sale were written down to their fair value of \$26,000,000 less estimated costs to sell of \$447,131, resulting in a net loss of \$3,740,000 which was included in the profit or loss for the year.

##### (c) Level 3 fair value measurements

The fair value of non-current assets classified as held for sale was determined by reference to a recent offer made by a third party for the property near the financial year end.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 31. Fair value of assets and liabilities (cont'd)

##### (d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of asset which is not carried at fair value and whose carrying amounts are not reasonable approximation of fair values are presented in the following table.

	Carrying amount \$	Fair value \$
<b>Group</b>		
<b>2019</b>		
Non-current asset classified as held for sale	2,263,446	2,490,004
<b>2018</b>		
Non-current asset classified as held for sale	2,266,204	2,892,560

Fair value of the non-current asset classified as held for sale is independently valued by CH Williams Talhar & Wong Sdn Bhd in December 2019. Set below is the methods and significant unobservable inputs used in the fair value determination.

Description	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Non-current assets classified as held for sale (Note 7)	Market approach	Difference in time factor, size and tenure	-19.0% to 1.0%	Every 1% increase/ (decrease) in the adjustments would result in (decrease) /increase in fair value by \$54,000

##### (e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

*Trade receivables, other receivables and deposits, amounts due from/(to) subsidiaries, cash and cash equivalents, trade and other payables, accruals, amount due to holding company, interest-bearing bank loans, non-interest-bearing loan, lease liabilities and amount due to a directors of Company.*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

---

**32. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from interest-bearing bank loans. The Group's policy is to obtain the most favourable interest rates available. The Group's interest-bearing bank loans are repriced at interval of change in the prime ceiling rate.

Sensitivity analysis for interest rate risk

At the end of the reporting period, assuming that all other variables remain constant except that the INR and SGD interest rate had been 100 basis points lower/higher, the Group's loss before tax would have been lower by \$29,285 and \$20,000 respectively (2018: \$33,808 and \$Nil respectively), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the Board of Directors to finance the Group's and the Company's operations and mitigate the effects of fluctuation in cash flows. The Group and the Company will ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

### 32. Financial risk management objectives and policies (cont'd)

#### Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group 2019	One year or less \$	One to five years \$	Over five years \$	Total \$
<b>Financial assets:</b>				
Trade receivables	7,043,027	–	–	7,043,027
Other receivables and deposits	673,675	587,324	–	1,260,999
Cash and cash equivalents	2,997,915	–	–	2,997,915
<b>Total undiscounted financial assets</b>	<b>10,714,617</b>	<b>587,324</b>	<b>–</b>	<b>11,301,941</b>
<b>Financial liabilities:</b>				
Lease liabilities <sup>(1)</sup>	1,018,466	1,687,330	8,121,402	10,827,198
Trade and other payables	4,985,171	–	–	4,985,171
Accruals	2,035,727	–	–	2,035,727
Interest-bearing bank loans <sup>(2)</sup>	5,206,691	–	–	5,206,691
Non-interest bearing loan	325,895	–	–	325,895
Loan due to holding company <sup>(3)</sup>	312,000	–	–	312,000
Amount due to directors of Company	687,500	–	–	687,500
<b>Total undiscounted financial liabilities</b>	<b>14,571,450</b>	<b>1,687,330</b>	<b>8,121,402</b>	<b>24,380,182</b>
<b>Total net undiscounted financial liabilities</b>	<b>(3,856,833)</b>	<b>(1,100,006)</b>	<b>(8,121,402)</b>	<b>(13,078,241)</b>
<b>2018</b>				
<b>Financial assets:</b>				
Trade receivables	8,317,565	–	–	8,317,565
Other receivables and deposits	960,149	604,342	–	1,564,491
Cash and cash equivalents	3,020,755	–	–	3,020,755
<b>Total undiscounted financial assets</b>	<b>12,298,469</b>	<b>604,342</b>	<b>–</b>	<b>12,902,811</b>
<b>Financial liabilities:</b>				
Trade and other payables	6,335,605	–	–	6,335,605
Accruals	2,145,243	–	–	2,145,243
Interest-bearing bank loans <sup>(2)</sup>	3,637,538	–	–	3,637,538
Non-interest bearing loan	336,240	–	–	336,240
Amount due to directors of Company	555,000	–	–	555,000
<b>Total undiscounted financial liabilities</b>	<b>13,009,626</b>	<b>–</b>	<b>–</b>	<b>13,009,626</b>
<b>Total net undiscounted financial (liabilities)/assets</b>	<b>(711,157)</b>	<b>604,342</b>	<b>–</b>	<b>(106,815)</b>

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

#### 32. Financial risk management objectives and policies (cont'd)

##### Liquidity risk (cont'd)

Company 2019	One year or less \$	One to five years \$	Over five years \$	Total \$
<b>Financial assets:</b>				
Trade receivables	238,109	–	–	238,109
Other receivables and deposits	324,236	–	–	324,236
Amount due from subsidiaries (non-trade)	1,011,508	–	–	1,011,508
Cash and cash equivalents	719,175	–	–	719,175
<b>Total undiscounted financial assets</b>	<b>2,293,028</b>	<b>–</b>	<b>–</b>	<b>2,293,028</b>
<b>Financial liabilities:</b>				
Lease liabilities <sup>(1)</sup>	322,350	1,289,400	8,099,044	9,710,794
Trade and other payables	401,646	–	–	401,646
Accruals	890,592	–	–	890,592
Amount due to subsidiaries (non-trade)	114,693	–	–	114,693
Loan due to holding company <sup>(3)</sup>	312,000	–	–	312,000
Interest-bearing bank loans <sup>(4)</sup>	2,019,072	–	–	2,019,072
Amount due to directors of Company	687,500	–	–	687,500
<b>Total undiscounted financial liabilities</b>	<b>4,747,853</b>	<b>1,289,400</b>	<b>8,099,044</b>	<b>14,136,297</b>
<b>Total net undiscounted financial liabilities</b>	<b>(2,454,825)</b>	<b>(1,289,400)</b>	<b>(8,099,044)</b>	<b>(11,843,269)</b>
<b>2018</b>				
<b>Financial assets:</b>				
Trade receivables	1,087,961	–	–	1,087,961
Other receivables and deposits	424,303	–	–	424,303
Amount due from subsidiaries (non-trade)	3,030,105	–	–	3,030,105
Cash and cash equivalents	520,531	–	–	520,531
<b>Total undiscounted financial assets</b>	<b>5,062,900</b>	<b>–</b>	<b>–</b>	<b>5,062,900</b>
<b>Financial liabilities:</b>				
Trade and other payables	470,665	–	–	470,665
Accruals	729,747	–	–	729,747
Amount due to subsidiaries (non-trade)	109,692	–	–	109,692
Amount due to directors of Company	555,000	–	–	555,000
<b>Total undiscounted financial liabilities</b>	<b>1,865,104</b>	<b>–</b>	<b>–</b>	<b>1,865,104</b>
<b>Total net undiscounted financial assets</b>	<b>3,197,796</b>	<b>–</b>	<b>–</b>	<b>3,197,796</b>

**International Press Softcom Limited and Subsidiaries****Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**32. Financial risk management objectives and policies (cont'd)*****Liquidity risk (cont'd)***

- (1) Lease liabilities of \$9,710,794 (2018: \$Nil) relate to liabilities associated with assets classified as held for sale and presented under current liabilities as at 31 December 2019.
- (2) Included interest payable within one year amounting to \$278,239 for 2019 (2018: \$307,983).
- (3) Included interest payable within one year amounting to \$6,000 for 2019 (2018: \$Nil).
- (4) Included interest payable within one year amounting to \$19,072 for 2019 (2018: \$Nil).

***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Group Financial Controller.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating as and when necessary
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

The Group determined that its financial assets are credit-impaired when:

- There is a significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

**32. Financial risk management objectives and policies (cont'd)**

***Credit risk (cont'd)***

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due grouped by geographical region. The loss allowance provision as at 31 December 2019 is determined as follows, the expected credit losses below also incorporate forward looking information such as industry default rate.

Singapore:

	<b>Contract assets</b>	<b>Current</b>	<b>Past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>31.12.2019</b>						
Gross carrying amount	–	103,544	85,302	7,973	66,963	263,782
Loss allowance provision	–	–	–	–	(25,673)	(25,673)
<b>31.12.2018</b>						
Gross carrying amount	–	142,139	186,374	21,811	30,646	380,970
Loss allowance provision	–	–	–	–	(25,138)	(25,138)

Other geographical areas:

<b>31.12.2019</b>						
Gross carrying amount	90,578	5,629,028	986,646	73,462	266,065	7,045,779
Loss allowance provision	–	–	–	–	(150,283)	(150,283)
<b>31.12.2018</b>						
Gross carrying amount	115,027	6,443,349	1,412,450	86,091	155,774	8,212,691
Loss allowance provision	–	–	–	–	(135,931)	(135,931)

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 9.



**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

**32. Financial risk management objectives and policies (cont'd)**

***Credit risk (cont'd)***

Trade receivables and contract assets (cont'd)

During the financial year, the Group wrote off \$53,434 (2018: \$221,700) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the end of the reporting period is as follows:

	<b>Group</b>			
	<b>2019</b>		<b>2018</b>	
	\$	% of total	\$	% of total
<b><i>By country:</i></b>				
People's Republic of China	2,468,017	35	2,835,351	34
India	1,963,309	27	2,765,197	33
Vietnam	1,755,963	25	1,831,130	22
Malaysia	489,394	7	444,751	5
Singapore	231,455	3	334,913	4
United States of America	28,317	–	46,060	–
Other countries	197,150	3	175,190	2
	7,133,605	100	8,432,592	100

At the end of the reporting period, there was no significant credit risk concentration from the customers.

***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily, Ringgit Malaysia (RM), Renminbi (RMB), Indian Rupees (INR) and Vietnam Dong (VND). The foreign currencies in which these transactions are denominated are mainly the United States Dollars (USD).

The Group and the Company also hold cash and cash equivalents denominated in foreign currency for working capital purposes. Information regarding cash and cash equivalents denominated in foreign currency is disclosed in Note 12.

The Group is also exposed to currency translation risk arising from its net investments in the foreign operations, including Malaysia, People's Republic of China ("PRC"), India and Vietnam. These assets are long-term in nature and the exchange differences from translation are taken directly to the translation reserve. The exchange rates are monitored regularly.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements**  
**For the financial year ended 31 December 2019**

**32. Financial risk management objectives and policies (cont'd)**

***Foreign currency risk (cont'd)***

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD exchange rate against respective functional currencies of the Group entities, with all other variables held constant.

	<b>Increase/(decrease)</b>	
	<b>Loss before tax</b>	
	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
<i>United States Dollar/Singapore Dollars</i>		
- strengthened 3.0% (2018: 6.0%)	49	87
- weakened 3.0% (2018: 6.0%)	(49)	(87)

**33. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

As disclosed in Note 20(b), certain subsidiaries are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to the approval by the relevant PRC authorities. This externally imposed capital requirement had been complied with by the subsidiaries for the financial years ended 31 December 2019 and 2018.

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

### 33. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the above mentioned restricted reserve.

	Note	Group	
		2019 \$	2018 \$
Trade and other payables	13	4,985,171	6,335,605
Accruals	14	2,035,727	2,145,243
Lease liabilities, excluding liabilities associated with assets held for sale	29	1,026,344	–
Interest-bearing bank loans	16	4,928,452	3,329,555
Non-interest bearing loan	17	325,895	336,240
Amount due to holding company	11	306,000	–
Amount due to directors of Company	15	687,500	555,000
Less: Cash and cash equivalents	12	(2,997,915)	(3,020,755)
<b>Net debt</b>		<b>11,297,174</b>	<b>9,680,888</b>
Equity attributable to owners of the Company		35,913,158	45,809,514
Less: Restricted reserves	20	(512,588)	(512,588)
<b>Total capital</b>		<b>35,400,570</b>	<b>45,296,926</b>
<b>Capital and net debt</b>		<b>46,697,744</b>	<b>54,977,814</b>
<b>Gearing ratio</b>		<b>24.2%</b>	<b>17.6%</b>

### 34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- i. The supply chain management segment provides a wide range of value-added services which includes supply chain solutions, print and media products which include material procurement, inventory management, logistics management, software replication and order fulfilment.
- ii. The investment holding segment holds investment, whether quoted or unquoted.
- iii. The computer systems integration and consultation services segment focuses on mobile contents including digital product shelf displays and other related activities.

**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**34. Segment information (cont'd)**

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of property, plant and equipment, certain inventories and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation. Capital expenditure comprises additions to property, plant and equipment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

International Press Softcom Limited and Subsidiaries  
Notes to the Financial Statements  
For the financial year ended 31 December 2019

34. Segment information (cont'd)									
By business segment									
2019	Supply chain management \$'000	Investment holdings \$'000	Computer systems integration and consultancy services \$'000	Adjustments and eliminations \$'000	Notes	Per consolidated financial statements \$'000			
<b>Revenue</b>									
External customers	29,273	-	-	-		29,273			
Inter-segment	3,161	-	-	(3,161)	A	-			
<b>Total turnover</b>	<b>32,434</b>	<b>-</b>	<b>-</b>	<b>(3,161)</b>		<b>29,273</b>			
<b>Results:</b>									
Interest income	29	-	-	-		29			
Interest expense	(659)	-	-	-		(659)			
Depreciation	(2,825)	-	-	-		(2,825)			
Impairment loss on intangible assets	(1,226)	-	-	-		(1,226)			
Impairment loss on assets held for sale	(3,740)	-	-	-		(3,740)			
Other non-cash expenses	4	-	-	-		4			
Segment loss	(9,767)	(11)	(7)	(4)	B C	(9,789)			
Additions to non-current assets	567	-	-	-	D	567			
Segment assets	52,156	141	-	369	E	52,666			
Segment liabilities	18,991	6	4	630		19,631			

International Press Softcom Limited and Subsidiaries

Notes to the Financial Statements  
For the financial year ended 31 December 2019

34. Segment information (cont'd)									
By business segment									
2018	Supply chain management \$'000	Investment holdings \$'000	Computer systems integration and consultancy services \$'000	Adjustments and eliminations \$'000	Notes	Per consolidated financial statements \$'000			
<b>Revenue</b>									
External customers	32,681	-	-	-		32,681			
Inter-segment	4,813	-	-	(4,813)	A	-			
Total turnover	37,494	-	-	(4,813)		32,681			
<b>Results:</b>									
Interest income	38	-	-	-		38			
Interest expense	(296)	-	-	-		(296)			
Depreciation	(2,170)	-	-	-		(2,170)			
Other non-cash expenses	(271)	-	-	-	B	(271)			
Segment loss	(4,470)	(11)	(10)	37	C	(4,454)			
Additions to non-current assets	1,163	-	-	-	D	1,163			
Segment assets	55,566	148	-	336	E	56,050			
Segment liabilities	12,696	10	1	380		13,087			

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 34 Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Non-cash expenses are (deducted from)/added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Gain on disposal of property, plant and equipment	(4)	(102)
Property, plant and equipment written off	30	35
Bad debts written off	53	19
Allowance for other receivables written off	11	41
Impairment loss on trade receivables	93	97
Reversal of impairment loss on trade receivables	(74)	(1)
Allowance for inventory obsolescence	50	259
Allowance for inventory obsolescence written back	(244)	(129)
Inventories written off, net	81	52
	(4)	271

C Unallocated expenses are (deducted) from or added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Consolidation adjustments	(4)	37

D Additions to non-current assets consists of additions to property, plant and equipment excluding right of use assets.

E The following items are (deducted) from or added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	<b>2019</b>	<b>2018</b>
	\$'000	\$'000
Deferred tax assets	703	662
Consolidation adjustments	(334)	(326)
	369	336

## APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

### International Press Softcom Limited and Subsidiaries

#### Notes to the Financial Statements For the financial year ended 31 December 2019

#### 34. Segment information (cont'd)

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2019 \$'000	2018 \$'000
Deferred tax liabilities	147	178
Provision for taxation	177	202
Unallocated inter-segment liabilities	306	–
	630	380

#### Geographical information

Revenue, loss after tax and non-current assets information based on the geographical location of the source of revenue and assets respectively are as follows:

	Revenue		Group Profit/(loss) after tax		Non-current assets	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	1,537	1,865	(8,848)	(5,171)	95	30,518
Malaysia	3,112	3,828	227	451	468	176
People's Republic of China	6,312	7,451	538	317	265	107
India	11,020	13,280	(2,021)	(715)	3,427	4,978
Vietnam	7,292	6,232	219	107	1,212	1,056
Australia	–	25	–	80	–	–
Eliminations and adjustments	–	–	13	243	–	–
At 31 December	29,273	32,681	(9,872)	(4,688)	5,467	36,835

Non-current assets information presented above consist of property, plant and equipment, other receivable and deposits and intangible assets as presented in the consolidated balance sheet.



**International Press Softcom Limited and Subsidiaries**

**Notes to the Financial Statements  
For the financial year ended 31 December 2019**

---

**35. Subsequent events after reporting period**

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations in China and South East Asia and its financial performance subsequent to the financial year end. The Group is cognizant of the challenges posed by these developing events and the potential impact they have on the business. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be ascertained yet.

**36. Authorisation of financial statements**

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 27 March 2020.

---

**APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020**

---

The FY2020 Results set out below have been extracted from the announcement by the Company on 1 March 2021 and were not specifically prepared for inclusion in this Circular. The figures have not been audited.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020



### International Press Softcom Limited

(Incorporated in the Republic of Singapore-197201169E)  
26 Kallang Avenue, Singapore 339417, Republic of Singapore  
Tel: 6298 3800•Fax: 6297 1668  
Web: www.ipsoftcom.com

#### UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

##### (i) CONSOLIDATED INCOME STATEMENT

	Note	Group		%+/-
		S\$'000		
		FY2020 (Unaudited)	FY2019 (Audited)	
Revenue		19,867	29,273	-32.1
Other operating income		1,017	959	6.0
Changes in stocks of finished goods and work in progress	1	(170)	(53)	220.8
Raw materials and consumables used	1	(10,101)	(16,156)	-37.5
Personnel expenses		(7,093)	(8,101)	-12.4
Depreciation	2	(1,222)	(2,825)	-56.7
Rental, property tax and utilities		(796)	(1,018)	-21.8
Freight, travelling and transportation expenses		(1,270)	(1,968)	-35.5
Repair and maintenance expenses		(415)	(418)	-0.7
Subcontractor costs		(633)	(1,021)	-38.0
Impairment loss on property, plant and equipments	3	(71)	-	nm
Impairment loss on financial assets, net	4	(255)	(19)	1,242.1
Impairment loss on intangible assets	5	(500)	(1,226)	-59.2
Impairment loss on assets held for sale		-	(3,740)	nm
Other operating expenses		(2,660)	(2,846)	-6.5
Financial expense – net		(642)	(630)	1.9
<b>Loss before tax</b>		<b>(4,944)</b>	<b>(9,789)</b>	<b>-49.5</b>
Income tax expense	6	(910)	(83)	996.4
<b>Loss, net of tax</b>		<b>(5,854)</b>	<b>(9,872)</b>	<b>-40.7</b>
<b>Loss attributable to:</b>				
- Owners of the Company		<b>(5,601)</b>	<b>(9,740)</b>	<b>-42.5</b>
- Non-controlling interests	7	(253)	(132)	91.7
		<b>(5,854)</b>	<b>(9,872)</b>	<b>-40.7</b>

nm: not meaningful

##### NOTES TO THE CONSOLIDATED INCOME STATEMENT

###### Note 1

**Raw materials and consumables used** and **changes in stocks of finished goods and work in progress** were 36.6% lower year-on-year ("yoy") due to lower turnover in the financial year ended 31 December 2020 ("FY2020").

###### Note 2

**Depreciation** for FY2020 was lower largely due to no depreciation expense recorded for the Company's Singapore leasehold property classified as an asset held for sale in December 2019.

###### Note 3

During FY2020, the Group's Malaysian subsidiary has made an **impairment loss on the property, plant and equipments** amounting to S\$0.1 million.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

**Note 4**

During FY2020, the Company provided for one-off **impairment loss on financial assets** amounting to S\$0.3 million for a tenant under voluntary liquidation and a third-party with a collectability issue.

**Note 5**

**Impairment loss on intangible assets** mainly related to the further impairment of goodwill in the Group's partially-owned Indian subsidiary.

**Note 6**

Current **tax expense** for FY2020 was higher largely due to the reversal of deferred tax assets recognised in prior years that is unlikely to be recoverable.

**Note 7**

Higher **loss attributable to non-controlling interests** in FY2020 was largely due to higher losses incurred by the Group's partially-owned subsidiary in India.

**(ii) Loss from operations is stated after charging/(crediting) the following:**

	Note	Group	
		FY2020	FY2019
		S\$'000	
Bad debts written off		15	53
Allowance for inventory obsolescence		53	50
Write-back of allowance for inventory obsolescence		(99)	(244)
Other receivables written off		-	11
Inventories written off, net		47	81
Property, plant and equipment written off	8	301	30
Gain on disposal of property, plant and equipment		(1)	(4)
Loss from disposal of assets held for sale	9	95	-
Interest income		(24)	(29)
Interest expense on borrowings		280	324
Finance cost on lease liabilities		386	335
Exchange loss, net		205	339

**Note 8**

The higher **property, plant and equipment written off** in FY2020 was largely due to the exercise carried out by the Indian subsidiaries.

**Note 9**

Upon the completion of the sale of the Singapore leasehold property, the **loss from disposal of assets held for sale** was approximately S\$0.1 million.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Group</b>	
	<b>S\$'000</b>	
	<b>FY2020</b>	<b>FY2019</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Loss, net of tax</b>	(5,854)	(9,872)
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation	261	(56)
<b>Other comprehensive income for the year, net of tax</b>	261	(56)
<b>Total comprehensive income for the year, net of tax</b>	<b>(5,593)</b>	<b>(9,928)</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the Company	(5,369)	(9,896)
- Non-controlling interests	(224)	(32)
	<b>(5,593)</b>	<b>(9,928)</b>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

### 1(b)(i) BALANCE SHEETS

	Note	<b>Group</b>		<b>Company</b>	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Property, plant and equipment	10	4,194	3,622	60	95
Intangible assets	11	323	914	-	-
Investment in subsidiaries		-	-	6,759	7,920
Other receivables and deposits	12	770	931	-	-
Deferred tax assets	13	4	703	-	-
		5,291	6,170	6,819	8,015
<b>Current assets</b>					
Inventories		1,198	1,813	131	151
Trade receivables		5,544	7,043	237	238
Contract assets		103	91	-	-
Other receivables and deposits	12	556	1,126	137	324
Prepayments		253	368	77	55
Amounts due from subsidiaries (non-trade)		-	-	1,121	1,012
Loan to subsidiary		-	-	575	-
Tax recoverable		251	228	-	-
Fixed deposits (Restricted)	14	9,700	-	9,700	-
Cash and cash equivalents	14	15,528	2,998	11,906	719
		33,133	13,667	23,884	2,499
Non-current assets classified as held for sale	14	2,261	32,829	-	30,566
		35,394	46,496	23,884	33,065
<b>Current liabilities</b>					
Trade and other payables	15	5,327	4,985	1,800	402
Lease liabilities		459	580	-	-
Accruals		1,876	2,036	899	891

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

	Note	Group		Company	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
Amounts due to subsidiaries (non-trade)		-	-	15	115
Loan due to holding company	16	-	306	-	306
Amount due to directors of Company	16	-	687	-	687
Interest-bearing bank loans	16	2,904	4,928	-	2,000
Non-interest bearing loan	16	322	326	-	-
Provision for taxation		186	177	-	-
		11,074	14,025	2,714	4,401
Liabilities directly associated with assets held for sale	14	-	5,013	-	5,013
		11,074	19,038	2,714	9,414
<b>Net current assets</b>		24,320	27,458	21,170	23,651
<b>Non-current liabilities</b>					
Deferred tax liabilities		(198)	(147)	-	-
Lease liabilities	17	(1,943)	(446)	-	-
<b>Net assets</b>		27,470	33,035	27,989	31,666
<b>Equity attributable to owners of the Company</b>					
Share capital		52,619	52,619	52,619	52,619
Reserves		(22,074)	(16,705)	(24,630)	(20,953)
		30,545	35,914	27,989	31,666
Non-controlling interests		(3,075)	(2,879)	-	-
<b>Total equity</b>		27,470	33,035	27,989	31,666

### NOTES TO THE BALANCE SHEET

#### Note 10

The Group's **Property, plant and equipment** was higher in FY2020 mainly due to the recognition of right-of-use assets from the new leases entered into by the Group's partially-owned Indian subsidiary.

#### Note 11

The Group's **intangible assets** was lower in FY2020 mainly due to the further impairment loss on goodwill in a partially-owned Indian subsidiary.

#### Note 12

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Other receivables and deposits</b>				
Current	556	1,126	137	324
Non-current	770	931	-	-
<b>Total</b>	<b>1,326</b>	<b>2,057</b>	<b>137</b>	<b>324</b>

The Group's current **other receivables and deposits** was 50.6% lower yoy largely due to the impairment loss of S\$0.1 million made by the Company for a third-party with a collectability issue and the realisation of VAT claim by the Group's wholly owned subsidiary in Vietnam.

#### Note 13

The Group's **deferred tax assets** was 99.4% lower yoy largely due to the reversal of deferred tax assets unlikely to be recoverable.

#### Note 14

The Group and the Company's **fixed deposits** and **cash and cash equivalents** were higher in FY2020 mainly due to the net proceeds from the realisation of Company's assets held for sales.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

**Note 15**

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	3,220	3,930	100	93
Other payables	2,107	1,055	1,700	309
<b>Total</b>	<b>5,327</b>	<b>4,985</b>	<b>1,800</b>	<b>402</b>

The Group's **trade payables** was 18.1% lower yoy mainly due to lesser purchases made as at 31 December 2020. The Group's and Company's **Other payables** were 99.7% and 450.2% higher respectively yoy, largely due to the one-off GST payable on the sale of the Singapore property that was completed in October 2020, offset by the decline in the Group's overall business activity.

**Note 16**

	Group		Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
Loan due to holding company	-	306	-	306
Amount due to directors of company	-	687	-	687
Interest-bearing bank loans	2,904	4,928	-	2,000
Non-interest bearing loan	322	326	-	-
<b>Total</b>	<b>3,226</b>	<b>6,247</b>	<b>-</b>	<b>2,993</b>

The Group's and Company's **borrowings** decreased by 48.4% and 100.0% respectively, mainly due to the repayment of amount due to directors of Company and interest bearing loans from holding company and banks used for working capital purposes.

**Note 17**

The Group's non-current **lease liabilities** was 335.7% higher yoy largely due to the new leases taken up by an Indian subsidiary.

**1(b)(ii) Aggregate amount of the group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,904	322	4,928	1,319

**Details of any collateral**

As at 31 December 2020, the secured loans and borrowings pertained to secured interest-bearing bank loans by the Indian subsidiaries through the standby letter of credit issued by UOB and other securities.

As at 31 December 2019, the secured loans and borrowings pertained to secured interest-bearing bank loans by the Company and Indian subsidiaries over the mortgage of the Company's leasehold factory building, standby letter of credit issued by UOB, and other securities.

As at 31 December 2020, the Group's unsecured borrowings comprised only the non-interest bearing loans due to the non-controlling shareholders of the subsidiaries.

As at 31 December 2019, the Group's unsecured borrowings comprised mainly of a non-interest bearing loan due to a non-controlling shareholder of a subsidiary, an interest bearing loan from the holding company and amount due to directors of the Company.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.  
1(c) CONSOLIDATED STATEMENT OF CASH FLOW

	Group	
	FY2020	FY2019
	S\$'000 (Unaudited)	S\$'000 (Audited)
<b>Cash flows from operating activities</b>		
Loss before tax	(4,944)	(9,789)
Adjustments for:		
Depreciation	1,222	2,825
Impairment loss on intangible assets	500	1,226
Impairment loss on assets held for sale	-	3,740
Impairment loss on property, plant and equipment	71	-
Gain on disposal of property, plant and equipment	(1)	(4)
Loss from disposal of assets held for sales	95	-
Property, plant and equipment written off	301	30
Gain on early termination of lease	(70)	-
Interest income	(24)	(29)
Interest expense on borrowings	280	324
Finance cost on lease liabilities	386	335
Bad debts written off	15	53
Impairment loss on financial assets	290	93
Reversal of impairment loss on financial assets	(35)	(74)
Other receivables written off	-	11
Allowance for inventory obsolescence	53	50
Allowance for inventory obsolescence written back	(99)	(244)
Inventories written off	47	93
Write back of inventories previously written off	-	(12)
Unrealised exchange loss	301	75
<b>Operating cash flows before working capital changes</b>	<u>(1,612)</u>	<u>(1,297)</u>
<b>Changes in working capital:</b>		
Decrease in inventories	614	731
Decrease in trade receivables and contract assets	1,363	1,231
Decrease in other receivables, deposits and prepayments	677	597
Increase/(decrease) in trade and other payables and contract liabilities	359	(1,348)
Decrease in accruals	(160)	(110)
(Decrease)/increase in amount due to directors of company	(688)	133
<b>Cash flows generated from/(used in) operations</b>	<u>553</u>	<u>(63)</u>
Interest received	22	25
Interest paid	(630)	(644)
Tax paid	(167)	(217)
<b>Net cash flows used in operating activities</b>	<u>(222)</u>	<u>(899)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(415)	(576)
Proceeds from disposal of property, plant and equipment	23	39
Proceeds from assets held for sale, net	25,534	-
<b>Net cash flows generated from/(used in) investing activities</b>	<u>25,142</u>	<u>(537)</u>
<b>Cash flows from financing activities</b>		
Proceeds from interest-bearing bank loans	100	2,000
Repayment of interest-bearing bank loans	(2,000)	(299)
Proceeds from loan from holding company	-	300
Repayment of loan to holding company	(300)	-
Proceeds from non-interest bearing loans	10	-
Fixed deposits pledged	(9,700)	-
Payment of principal portion of lease liabilities	(471)	(591)
<b>Net cash flows (used in)/generated from financing activities</b>	<u>(12,361)</u>	<u>1,410</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	12,559	(26)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(29)	3
<b>Cash and cash equivalents at beginning of year</b>	2,998	3,021
<b>Cash and cash equivalents at end of year (Note A)</b>	<u>15,528</u>	<u>2,998</u>

### NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. <u>Cash and cash equivalents</u>	31/12/2020	31/12/2019
	S\$'000	S\$'000
Cash and bank balances	6,071	2,543
Fixed deposits	9,457	455
	<u>15,528</u>	<u>2,998</u>



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(d)(i) STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of Company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group (Unaudited)</b>									
<b>At 1 January 2020</b>	52,619	-	(326)	513	2,560	(19,452)	35,914	(2,879)	33,035
Loss for the year	-	-	-	-	-	(5,601)	(5,601)	(253)	(5,854)
Other comprehensive income									
Foreign currency translation	-	-	232	-	-	-	232	29	261
Other comprehensive income for the year, net of tax	-	-	232	-	-	-	232	29	261
<b>Total comprehensive income for the year</b>	-	-	232	-	-	(5,601)	(5,369)	(224)	(5,593)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	28	28
<b>Total changes in ownership interests in subsidiaries that do not result in a loss of control</b>	-	-	-	-	-	-	-	28	28
<b>At 31 December 2020</b>	52,619	-	(94)	513	2,560	(25,053)	30,545	(3,075)	27,470
<b>The Group (Audited)</b>									
<b>At 1 January 2019</b>	52,619	-	(170)	513	2,560	(9,712)	45,810	(2,847)	42,963
Loss for the year	-	-	-	-	-	(9,740)	(9,740)	(132)	(9,872)
Other comprehensive income									
Foreign currency translation	-	-	(156)	-	-	-	(156)	100	(56)
Other comprehensive income for the year, net of tax	-	-	(156)	-	-	-	(156)	100	(56)
<b>Total comprehensive income for the year</b>	-	-	(156)	-	-	(9,740)	(9,896)	(32)	(9,928)
<b>At 31 December 2019</b>	52,619	-	(326)	513	2,560	(19,452)	35,914	(2,879)	33,035

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

### 1(d)(i) STATEMENT OF CHANGES IN EQUITY (Cont'd)

	Share capital S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>The Company (Unaudited)</b>				
At 1 January 2020	52,619	341	(21,294)	31,666
Loss for the financial period, represents total comprehensive income for the year	-	-	(3,677)	(3,677)
<b>At 31 December 2020</b>	<b>52,619</b>	<b>341</b>	<b>(24,971)</b>	<b>27,989</b>
<b>The Company (Audited)</b>				
At 1 January 2019	52,619	341	(8,482)	44,478
Loss for the year, represents total comprehensive income for the year	-	-	(12,812)	(12,812)
<b>At 31 December 2019</b>	<b>52,619</b>	<b>341</b>	<b>(21,294)</b>	<b>31,666</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of Shares	Share Capital (S\$'000)
As at 31 December 2020 and 30 June 2020	732,036,666	52,619

There were no outstanding options or convertibles as at 31 December 2020 and 31 December 2019.

There were no treasury shares and subsidiary holdings of the Company as at 31 December 2020 and 31 December 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares, excluding treasury shares, as at 31 December 2020 was 732,036,666 (31 December 2019: 732,036,666)

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial year reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial year reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (This is not required for any audit issue that is a material uncertainty relating to going concern):**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable.

- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation applied in the preparation of the financial statements for the current financial year reported on are consistent with those disclosed in the audited annual financial statements of the Group for the financial year ended 31 December 2019, except that the Group had adopted the following amendments to the Singapore Financial Reporting Standards (International) ("SFRS(I)") that became effective for annual periods beginning on or after 1st January 2020:

- Amendments to SFRS(I) 3: *Definition of a Business*
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

The Group had early adopted the Amendments to SFRS(I) 16 *COVID-19 related rent concessions* which is effective for annual periods beginning on 1<sup>st</sup> June 2020. The Group applied the practical expedient on rent concessions received from landlords and elected not to assess whether a rent concession is a lease modification. The adoption of the amendments to SFRS(I) 16 *COVID-19 related rent concessions* does not have a material impact to the Group's financial statement for the year ended 31 December 2020.

Other than the adoption of the Amendments to SFRS(I) 16 *COVID-19 related rent concessions*, the adoption of the other amendments to SFRS(I) above had no material effect on the Group's financial statements for the current financial year reported on.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to paragraph 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	FY2020 (Unaudited)	FY2019 (Audited)
Loss per ordinary share for the financial year attributable to owners of the Company		
- (a) on weighted average number of ordinary shares on issue	(0.77) cents	(1.33) cents
- (b) on a fully diluted basis	(0.77) cents	(1.33) cents
- Weighted average number of ordinary shares outstanding at the end of the respective financial years	732,036,666	732,036,666

The basic and fully diluted loss per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2020 and 31 December 2019.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—

- (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	Group		Company	
	31/12/2020 (Unaudited)	31/12/2019 (Audited)	31/12/2020 (Unaudited)	31/12/2019 (Audited)
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the respective financial year	4.17 cents	4.91 cents	3.82 cents	4.33 cents

The net asset value per ordinary share is calculated based on the 732,036,666 (FY2019: 732,036,666) ordinary shares outstanding at the end of the respective financial years.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Review of Group Performance

#### **Revenue**

The twelve months ended 31 December 2020 ("FY2020") had been a challenging period for the Group. The impact of the COVID-19 pandemic (the "Pandemic") coupled with the ongoing uncertain global market conditions will continue to affect the Group's supply chain management services ranging from sourcing of raw materials to delivery of products. The Group recorded a 32.1% yoy decrease in turnover for FY2020.

#### **Turnover by geographical segment**

	Turnover		
	FY2020	FY2019	
	S\$'000	S\$'000	% +/-
Singapore	1,535	1,537	-0.1
Malaysia	1,404	3,112	-54.9
People's Republic of China	4,136	6,312	-34.5
India	7,578	11,020	-31.2
Vietnam	5,214	7,292	-28.5
<b>Total</b>	<b>19,867</b>	<b>29,273</b>	<b>-32.1</b>

In view of the abovementioned matters, revenue from the Group's operating sites in Malaysia, China, India and Vietnam fell in FY2020, as a result of the suspension and delay in business activities due to the Pandemic, while demand from existing customers continued to be weak. The Group's turnover for Singapore operations remained constant largely due to the stable stream of revenue from the support provided to customers in relating to essential services, as well as an improvement in online platform sales during the Pandemic.

#### **Profitability**

Excluding the one-off impairment losses for the Group's assets held for sale, property, plant and equipments, financial assets, intangible assets, and the non-recurring loss on disposal of assets held for sale, overall net loss after tax was S\$4.9 million for both FY2020 and FY2019.

	Group Loss after tax		
	FY2020	FY2019	
	S\$'000	S\$'000	% +/-
Loss, net of tax	(5,854)	(9,872)	-40.7
Add: Impairment loss on property, plant and equipments	71	-	nm
Add: Impairment loss on assets held for sale	-	3,740	nm

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

Add: Impairment loss on financial assets	255	19	nm
Add: Impairment loss on intangible assets	500	1,226	-59.2
Add: non-recurring loss on disposal of assets held for sale	95	-	nm
<b>Adjusted loss, net of tax</b>	<b>(4,933)</b>	<b>(4,887)</b>	<b>0.9</b>

Raw materials and consumables used, offset by changes in stocks of finished goods and work in progress were lower in FY2020 in line with lower turnover.

Depreciation fell mainly due to no depreciation expense recorded for the Company's Singapore leasehold property classified as an asset held for sale in December 2019.

The suspension and delay in business activities due to the Pandemic resulted in lower FY2020 turnover and reduction in all our operating expenses.

Current tax expense for FY2020 was higher largely due to the reversal of deferred tax asset recognised in prior years unlikely to be recoverable by the Group's China subsidiary.

### Review of Group Financial Position

#### **Non-current assets**

Total non-current assets amounted to approximately 13.0% of the Group's total assets as at 31 December 2020. The 14.2% decrease in non-current assets was largely due to the following, (i) Impairment loss on intangible assets of S\$0.5 million, (ii) realisation of a VAT claim by the Group's Vietnam subsidiary of approximately S\$0.2 million and (iii) reversal of deferred tax assets that is unlikely to be recoverable. This was partly offset by the capitalisation of new lease agreements entered into by the Group's partially-owned Indian subsidiary.

#### **Current assets**

As at 31 December 2020, total current assets amounted to approximately 87.0% of the Group's total assets as at 31 December 2020. The 23.9% decrease in current assets was mainly due to a decrease in inventories, trade receivables net of contract assets, of approximately S\$2.1 million in total, in line with reduced business activities due to the Pandemic. Other receivables and deposit decreased mainly due to the impairment loss of other receivables of S\$0.1 million and the realisation of VAT claim. This was offset by the S\$30.6 million realisation of non-current assets classified as held for sale that translated into an increase in cash and cash equivalents of approximately S\$22.2 million.

#### **Non-current liabilities**

As at 31 December 2020, total non-current liabilities amounted to approximately 16.2% of the Group's total liabilities as at 31 December 2020. The 261.0% increase in non-current liabilities as at 31 December 2020 (As at 31 December 2019: S\$0.6 million) was largely due to the addition of new leases with lease term of eight years.

#### **Current liabilities**

As at 31 December 2020, total current liabilities amounted to approximately 83.8% of the Group's total liabilities as at 31 December 2020. The decrease in current liabilities was largely due to the repayment of interest-bearing bank loans, a loan due to the holding company and amount due to directors of the Company of approximately S\$3.0 million. In FY2020, the Group realised the liabilities directly associated with assets held for sale upon the completion of the sale of the Singapore leasehold property approximately S\$5.0 million.

### Review of Group Cash flows statement

The Group recorded net cash flows used in operating activities of approximately S\$0.2 million in FY2020 as compared to net cash flows used in operating activities of S\$0.9 million in FY2019, largely due a net off of operating cash outflows of S\$1.6 million and interest and taxes paid of S\$0.8 million against working capital changes of S\$2.2 million in FY2020.

Group's net cash flows from investing activities was at S\$25.1 million in FY2020 as compared to net cash outflows of S\$0.5 million in FY2019, mainly due to the proceeds received from the sale of the Company's leasehold property.

Group's net cash flows used in financing activities in FY2020 was S\$12.4 million as compared to net cash inflows of S\$1.4 million, mainly due to the repayment of interest-bearing bank loans and a loan due to holding company. In addition, fixed deposit of S\$9.7 million was pledged to UOB for the Company's bank facilities.

As a result of the above, the Group's cash and cash equivalents stood at S\$15.5 million as at 31 December 2020 which is higher compared to S\$3.0 million as at 31 December 2019.

---

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

---

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or a prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Barring any unexpected catastrophes, which include recurring waves of Covid-19 infection, the Group will continue to adopt a prudent approach and carefully review its operations to ensure that its operating costs and strategies are aligned with market expectations in the new normal. The Group will make efforts to adapt to remote working across various teams and locations, while continuing to execute its business agenda.

The proceeds from the sale of the Company's leasehold property completed in October 2020 has strengthened the Group's cash flow position and better positioned the Group to navigate the current challenging environment. Moving forward, the Group will continue to focus on streamlining costs and adopting a lean structure.

11. **If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

**(b) (i) Amount per share (cents)**

Not applicable.

**(b) (ii) Previous corresponding period (cents)**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

No dividend has been declared or recommended for FY2020 as the Company is in a loss-making position.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a general mandate from shareholders of IPTs.

There was no IPT of S\$100,000 and above for FY2020.

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

### 14. Use of Proceeds from the Rights Issue

As at the date of this announcement, the Company has utilised the net proceeds amounting to S\$2.37 million (after deducting the estimated costs and expense incurred in connection with the rights issue of approximately S\$0.1 million and offsetting a shareholders' loan of S\$0.7 million) ("Final Net Proceeds") accrued to the Company from the rights issue completed in July 2018, as follows:

Intended Use of Final Net Proceeds	Amount Allocated (S\$)	Amount utilised (S\$)	Amount unutilised (S\$)
Repayment of outstanding debts	1,000,000	1,000,000	-
Payment of directors' fees	555,000	555,000	-
For general corporate and working capital purposes including but not limited to (i) operating costs and (ii) making strategic investments and/or acquisitions if opportunities arise	812,500	812,500 <sup>(1)</sup>	-
<b>Total</b>	<b>2,367,500</b>	<b>2,367,500</b>	<b>-</b>

This utilisation of the Final Net Proceeds is in accordance with the intended use of the Final Net Proceeds as stated in the Offer Information Statement dated 29 June 2018.

(1) Mainly utilised for payments to suppliers and payment of salaries.

### 15. Negative confirmation pursuant to Rule 705(5).

Not applicable for the announcement of full year financial statements.

### 16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

### 17. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

During the second half of FY2020, the Company acquired 84.9% equity shares in a newly incorporated company located in India, IPSCOM Returnable Private Limited from a third party. The Company paid an aggregate cash consideration of S\$158,277 (INR8,490,000) representing 84.9% of the entire share capital of IPSCOM Returnable Private Limited. As at 31 December 2020, IPSCOM Returnable Private Limited is a 84.9% owned subsidiary of the Company.

Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company, or decreasing its shareholding percentage in any subsidiary.

**APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020**

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

18. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

BY BUSINESS SEGMENT	Supply Chain Management	Investment Holdings	Computer systems integration and consultancy services	Adjustments & Eliminations	Notes	Per consolidated financial statements
	\$'000	\$'000	\$'000	\$'000		
<b>FY2020</b>						
<b>Revenue:</b>						
External customers	19,867	-	-	-		19,867
Inter-segment	1,425	-	-	(1,425)	A	-
Total turnover	21,292	-	-	(1,425)		19,867
<b>Results:</b>						
Interest income	24	-	-	-		24
Interest expense	(666)	-	-	-		(666)
Depreciation	(1,222)	-	-	-		(1,222)
Impairment loss on intangible assets	(500)	-	-	-		(500)
Impairment loss on property, plant and equipments	(71)	-	-	-		(71)
Impairment loss on financial assets, net	(255)	-	-	-		(255)
Other non-cash expenses	(411)	-	-	-	B	(411)
Segment loss before tax	(4,956)	(11)	(9)	32	C	(4,944)
Additions to non-current assets	397	-	-	-	D	397
Segment assets	40,453	236	-	(4)	E	40,685
Segment liabilities	12,820	6	5	384	F	13,215



**APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020**

BY BUSINESS SEGMENT	Supply Chain Management	Investment Holdings	Computer systems integration and consultancy services	Adjustments & Eliminations	Notes	Per consolidated financial statements
	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
<b>FY2019</b>						
<b>Revenue:</b>						
External customers	29,273	-	-	-		29,273
Inter-segment	3,161	-	-	(3,161)	A	-
Total turnover	32,434	-	-	(3,161)		29,273
<b>Results:</b>						
Interest income	29	-	-	-		29
Interest expense	(659)	-	-	-		(659)
Depreciation	(2,825)	-	-	-		(2,825)
Impairment loss on intangible assets	(1,226)	-	-	-		(1,226)
Impairment loss on assets held for sale	(3,740)	-	-	-		(3,740)
Impairment loss on financial assets, net	(19)	-	-	-		(19)
Other non-cash income	23	-	-	-	B	23
Segment loss before tax	(9,767)	(11)	(7)	(4)	C	(9,789)
Additions to non-current assets	567	-	-	-	D	567
Segment assets	52,156	141	-	369	E	52,666
Segment liabilities	18,991	6	4	630		19,631

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

### SEGMENT INFORMATION

#### Note A

Inter-segment revenues are eliminated on consolidation.

#### Note B

Non-cash expenses/(income) are (deducted from)/added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	Group	
	FY2020	FY2019
	S\$'000	S\$'000
Gain on disposal of property, plant and equipment	(1)	(4)
Loss from disposal of assets held for sale	95	-
Property, plant and equipment written off	301	30
Bad debts written off	15	53
Allowance for other receivables written off	-	11
Allowance for inventory obsolescence	53	50
Allowance for inventory obsolescence written back	(99)	(244)
Inventories written off, net	47	81
	411	(23)

#### Note C

Unallocated expenses/(income) are (deducted from)/added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	Group	
	FY2020	FY2019
	S\$'000	S\$'000
Consolidation adjustments	(32)	4
	(32)	4

#### Note D

Additions to non-current assets consists of additions to property, plant and equipment excluding right-of-use assets.

#### Note E

The following items are (deducted from) or added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	FY2020	FY2019
	S\$'000	S\$'000
Deferred tax assets	4	703
Consolidation adjustments	(8)	(334)
	(4)	369

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

### Geographical information

Revenue, loss after tax and non-current assets information are based on the geographical location of the source of revenue and assets respectively are as follows :

BY GEOGRAPHICAL SEGMENT	Turnover		Group Profit/(Loss) after tax		Non-current assets(*)	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	1,535	1,537	(3,633)	(8,848)	60	95
Malaysia	1,404	3,112	(393)	227	277	468
People's Republic of China	4,136	6,312	73	538	71	265
India	7,578	11,020	(2,119)	(2,021)	3,490	3,427
Vietnam	5,214	7,292	(97)	219	1,389	1,212
Eliminations and adjustments	-	-	315	13	-	-
At 31 December	19,867	29,273	(5,854)	(9,872)	5,287	5,467

\*Non-current assets information presented above consist of property, plant and equipment, other receivables and deposits and intangible assets as presented in the consolidated balance sheet and excludes deferred tax assets.

### 19. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

#### Turnover and profitability by business segments

#### FY2020 vs FY2019

##### Supply Chain Management ("SCM")

For SCM, please refer to paragraph 8 above.

##### Investment holding ("IH")

There were no business activities in FY2020 and FY2019.

##### Computer systems integration and consultancy services ("CSI")

The Group's partially-owned Chinese subsidiary (Avantouch) in the CSI segment was dormant.

### 20. A breakdown of sales as follows:

Group	FY2020	FY2019	%+/-
	S\$'000	S\$'000	
(a) Sales reported for first half year	9,772	14,041	-30.4
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(2,156)	(2,380)	-9.4
(c) Sales reported for second half year	10,095	15,232	-33.7
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(3,698)	(7,492)	-50.6

### 21. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2020 S\$'000	FY2019 S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

---

## APPENDIX V – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2020

---

22. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

### BY ORDER OF THE BOARD

Teh Eng Chai  
Company Secretary  
1 March 2021

---

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*



3 March 2021

**INTERNATIONAL PRESS SOFTCOM LIMITED**

80 Robinson Road #02-00  
Singapore 068898

**Attention: The Board of Directors**

**VOLUNTARY CONDITIONAL OFFER (THE “OFFER”) FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES (THE “SHARES”) IN THE CAPITAL OF INTERNATIONAL PRESS SOFTCOM LIMITED (THE “COMPANY”) OTHER THAN THOSE ALREADY HELD BY ZHCC INVESTMENT HOLDINGS PTE. LTD. (THE “OFFEROR”) AS AT THE DATE OF THE OFFER (THE “OFFER SHARES”)**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular to shareholders of International Press Softcom Limited dated 3 March 2021 in connection with the Offer (the “Circular”).*

1. This letter has been prepared in accordance with Rule 25 of the Singapore Code on Takeovers and Mergers (the “Code”) and for inclusion in the Circular.
2. We note from Appendix VIII to the Circular that the Company made the following statements which are deemed as forecast statements under Rule 25 of the Code (the “Forecast Statements”) with regard to the prospects of the Company and its subsidiaries (the “Group”):

<b>Date of release on the SGXNET</b>	<b>Forecast Statements</b>
27 February 2020	<i>In spite of these conditions, the Group remains cautiously optimistic of its Vietnam operations.</i>
15 May 2020	<p><i>The Board is of the view that the disposal of the Property is in the best interest of the Group as the Group expects to derive the following additional annual cost savings attributable to the Property:</i></p> <ul style="list-style-type: none"> <li><i>i) Depreciation of the Building and related assets amounting to S\$1 million;</i></li> <li><i>ii) Property tax and Ground rent amounting to S\$0.5 million; and</i></li> <li><i>iii) Others cost savings including but not limited to cost of security personnel and the maintenance of building amounting to S\$0.2 million.</i></li> </ul> <p><i>Hence, the Group will derive a net yearly savings of S\$0.9 million (the “Yearly Savings”), which is computed after deducting the yearly rental expense and yearly net rental income of S\$414,708 and S\$413,171 respectively from the items listed in (i) to (iii) above. It is</i></p>



Date of release on the SGXNET	Forecast Statements
	<p>worth noting that the yearly net rental income will decrease to S\$192,000 per annum as the Dominie Tenancy Agreement will expire in 30 June 2020. As such, the Yearly Savings will increase to S\$1.1 million. Further, in view of the uncertain climate brought about by the economic ramifications of the Covid-19 epidemic, the Group is of the view that the net proceeds from the sale will put the Group in a position of strength when it comes to taking advantage of suitable business opportunities or provide the Group with ready cash to fund its operational needs.</p>
22 May 2020	<p>The proposed sale of the Property is also part of our cost reduction efforts in light of its underutilisation and as announced on 15 May 2020, is expected to reap estimated annual cost savings of up to S\$1.1 million.</p>
26 May 2020	<p>As at 31 December 2019, our external auditor, Ernst &amp; Young LLP, has verified that we have sufficient liquidity and no going concern issues through FY2020. However, the COVID-19 pandemic has brought about many uncertainties which may impact on the Company's ability to continue as a going concern. The Company would however like to highlight that the Proposed Disposal is envisaged to greatly mitigate any liquidity issues that may arise from the COVID-19 pandemic.</p>
12 August 2020	<p>The COVID-19 pandemic is expected to continue to impact the Group's supply chain business and prospects in the second half of 2020.</p> <p>This is expected to significantly affect the Group's supply chain activities in Malaysia in the second half of 2020.</p> <p>In terms of near term liquidity, the Board is of the view that the Group's operating cash flow remains stable and has sufficient unutilised bank facilities to meet its working capital needs.</p>

Shareholders may wish to refer to the respective announcements of the Company for the full context of the Forecast Statements.

As set out in Appendix VIII to the Circular, the Forecast Statements were not made in conjunction with the Offer. The Directors have not issued a profit forecast for the Group and the Forecast Statements should not be regarded as a forecast of the Group.

- We have discussed the key bases and assumptions underlying the Forecast Statements with the management and Directors of the Company as reproduced in Appendix VIII to the Circular.



4. We have noted and have considered the letter dated 3 March 2021 addressed to the Board of Directors by Ernst & Young LLP (the Company's Auditors) in relation to the Forecast Statements. A copy of the letter from Ernst & Young LLP is set out in Appendix VII to the Circular.
5. We have also examined the financial and related information in relation to the Forecast Statements as provided by the Company. We have relied upon the accuracy and completeness of such financial and related information provided to us and have assumed such accuracy and completeness for the purpose of this letter. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, and do not accept any responsibility for the accuracy or completeness such information. We have also not undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group.
6. Based on the foregoing, we are of the opinion that the Forecast Statements (for which the Directors are solely responsible) had been issued after due and careful enquiry.  
  
Save as provided in this letter, we do not express any other opinion or view on the Forecast Statements.
7. This letter is provided to the Directors for the sole purpose of complying with Rule 25 of the Code. We do not accept any responsibility to any other person(s) other than the Directors, in respect of, or arising from, or in connection with this letter.

Yours faithfully  
For and on behalf of  
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG  
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN  
HEAD OF CORPORATE FINANCE

---

## APPENDIX VII – LETTER FROM THE INDEPENDENT AUDITORS OF THE COMPANY IN RELATION TO THE FORECAST STATEMENTS

---



Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

Mailing Address:  
Robinson Road  
PO Box 384  
Singapore 900734

Tel: +65 6535 7777  
Fax: +65 6532 7662  
ey.com

HPM/12170987/PN

3 March 2021

The Board of Directors  
International Press Softcom Limited  
80 Robinson Road #02-00  
Singapore 068898

### **Independent auditor's letter on the Statements of Prospects of International Press Softcom Limited**

Dear Sirs:

This letter is prepared for the purposes of Rule 25.3 of the Singapore Code on Take-overs and Mergers (the "Code") in connection with the offeree circular ("Offeree Circular") despatched by International Press Softcom Ltd (the "Company") in relation to the voluntary conditional offer ("Offer") to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already held by ZHCC Investment Holdings Pte. Ltd. (the "Offeror") in accordance with Rule 15 of the Code.

This letter has been prepared for inclusion in the Offeree Circular.

We have examined the Statements of Prospects, relating to the profit forecast of the Company and its subsidiaries ("Group") for the financial year ending 31 December 2020, set out as follows:

1. Extracted from Section 10 of the full year results announcement for FY2019 dated 27 February 2020

"In spite of these conditions, the Group remains cautiously optimistic of its Vietnam operations."

2. Extracted from the Company's response to SGX Queries dated 15 May 2020

"The Board is of the view that the disposal of the Property is in the best interest of the Group as the Group expects to derive the following additional annual cost savings attributable to the Property:

- (i) Depreciation of the Building and related assets amounting to S\$1 million;
- (ii) Property tax and Ground rent amounting to S\$0.5 million; and
- (iii) Others cost savings including but not limited to cost of security personnel and the maintenance of building amounting to S\$0.2 million.



---

## APPENDIX VII – LETTER FROM THE INDEPENDENT AUDITORS OF THE COMPANY IN RELATION TO THE FORECAST STATEMENTS

---



The Board of Directors  
International Press Softcom Limited  
3 March 2021  
Page 2

2. Extracted from the Company's response to SGX Queries dated 15 May 2020 (cont'd)

Hence, the Group will derive a net yearly savings of S\$0.9 million (the "Yearly Savings"), which is computed after deducting the yearly rental expense and yearly net rental income of S\$414,708 and S\$413,171 respectively from the items listed in (i) to (iii) above. It is worth noting that the yearly net rental income will decrease to S\$192,000 per annum as the Dominie Tenancy Agreement will expire in 30 June 2020. As such, the Yearly Savings will increase to S\$1.1 million. Further, in view of the uncertain climate brought about by the economic ramifications of the Covid-19 epidemic, the Group is of the view that the net proceeds from the sale will put the Group in a position of strength when it comes to taking advantage of suitable business opportunities or provide the Group with ready cash to fund its operational needs."

3. Extracted from the Company's responses to questions received for the Company's AGM and EGM for FY2019 dated 22 May 2020

"The proposed sale of the Property is also part of our cost reduction efforts in light of its underutilisation and as announced on 15 May 2020, is expected to reap estimated annual cost savings of up to S\$1.1 million."

4. Extracted from the Company's responses to questions received from Securities Investors Association (Singapore) ("SIAS") in relation to the Company's Annual Report for FY2019 dated 26 May 2020

"As at 31 December 2019, our external auditor, Ernst & Young LLP, has verified that we have sufficient liquidity and no going concern issues through FY2020. However, the COVID-19 pandemic has brought about many uncertainties which may impact on the Company's ability to continue as a going concern. The Company would however like to highlight that the Proposed Disposal is envisaged to greatly mitigate any liquidity issues that may arise from the COVID-19 pandemic."

5. Extracted from Section 10 of the half year results announcement dated 12 August 2020

"The COVID-19 pandemic is expected to continue to impact the Group's supply chain business and prospects in second half of 2020."

"This is expected to significantly affect the Group's supply chain activities in Malaysia in the second half of 2020."

"In terms of near term liquidity, the Board is of the view that the Group's operating cash flow remains stable and has sufficient unutilised bank facilities to meet its working capital needs."

("Statements of Prospects")

We have examined the Statements of Prospects in accordance with the Singapore Standards on Assurance Engagements applicable to the examination of prospective financial information. The Directors are solely responsible for the Statements of Prospects including the assumptions set out in Appendix VIII on which it is based.

---

## APPENDIX VII – LETTER FROM THE INDEPENDENT AUDITORS OF THE COMPANY IN RELATION TO THE FORECAST STATEMENTS

---



The Board of Directors  
International Press Softcom Limited  
3 March 2021  
Page 3

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Statements of Prospects. Further, in our opinion, the Statements of Prospects are properly prepared on the basis of the assumptions and is consistent with the accounting policies normally adopted by the Group which are in accordance with Singapore Financial Reporting Standards (International).

Actual results are likely to be different from the Statements of Prospects since anticipated events frequently do not occur as expected and the variation may be material.

This letter is not to be used for any other purpose and shall not be distributed to any other parties, save that the Company may append this letter to the Offeree Circular which it will issue to its shareholders in connection with the Offer made by the Offeror for the Company.

Yours faithfully

A handwritten signature in grey ink that reads 'Ernst &amp; Young LLP'.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

## APPENDIX VIII – BASES AND ASSUMPTIONS OF THE FORECAST STATEMENTS

The Company has, on various occasions, before the commencement of the Offer, issued statements which are deemed as forecast statements under Rule 25 of the Code (“**Forecast Statements**”). Such Forecast Statements are extracted from the relevant sources and underlined in the table below:

Date of release on the SGXNET	Source	Relevant Extracts
27 February 2020	Unaudited financial statements and dividend announcement for the financial year ended 31 December 2019	<p><b>10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.</b></p> <p>The year was marked by escalating trade tensions, weakening business sentiment and a slowing global economy which is expected to persist into 2020. As a result, the tepid macroeconomic climate could continue to impact the Group’s performance in the short to mid-term.</p> <p><u>In spite of these conditions, the Group remains cautiously optimistic of its Vietnam operations.</u></p> <p>Furthermore, the Group continues to focus on building a resilient business model by streamlining costs and adopting a lean structure to guide the business back to profitability.</p> <p>In an announcement dated 17 February 2020, the Group announced that it had entered into a memorandum of understanding (“MOU”) with an independent third-party purchaser (“Purchaser”) for the sale of the Company’s property at 26 Kallang Avenue Singapore 339417 (the “Property”) for an aggregate consideration of S\$26.0 million.</p> <p>The Board is of the view that the Proposed Disposal of the Property is in the best interest of the Group as it unlocks value attached to the under-utilised asset.</p>
15 May 2020	Response to queries received from the SGX-ST on 14 May 2020	<p><b>Question</b></p> <p>The SGX notes that in paragraph 2.2 of the Circular, the Property “generates a yearly net rental of S\$413,171” and in paragraph 2.5.9 of the Circular, pursuant to the Leaseback Agreement, “the Company shall lease the entire premises ... on 2nd storey of the building located at the Property for a monthly rental of \$34,559.00 for a term of 12 months”. The SGX further notes that in paragraph 2.5.1 of the circular, “The Property is sold with vacant possession on Completion save in respect of part of the Property (i) leased to Edifice which will be assigned / novated to the Purchaser, and (ii) leased to the Company pursuant to the Leaseback Agreement.”</p> <p>In view of the above, the SGX notes that the Company will lose a yearly net rental income of S\$413,171 and incur a yearly rental expense of \$414,708. Despite the aforementioned, please explain why the Board is still of the view that the disposal is in the best interest of the Group?</p> <p><b>Company’s response</b></p>

**APPENDIX VIII – BASES AND ASSUMPTIONS OF THE FORECAST STATEMENTS**

		<p><u>The Board is of the view that the disposal of the Property is in the best interest of the Group as the Group expects to derive the following additional annual cost savings attributable to the Property:</u></p> <ul style="list-style-type: none"> <li>i) <u>Depreciation of the Building and related assets amounting to S\$1 million;</u></li> <li>ii) <u>Property tax and Ground rent amounting to S\$0.5 million; and</u></li> <li>iii) <u>Others cost savings including but not limited to cost of security personnel and the maintenance of building amounting to S\$0.2 million.</u></li> </ul> <p><u>Hence, the Group will derive a net yearly savings of S\$0.9 million (the “Yearly Savings”), which is computed after deducting the yearly rental expense and yearly net rental income of S\$414,708 and S\$413,171 respectively from the items listed in (i) to (iii) above. It is worth noting that the yearly net rental income will decrease to S\$192,000 per annum as the Dominie Tenancy Agreement will expire in 30 June 2020. As such, the Yearly Savings will increase to S\$1.1 million. Further, in view of the uncertain climate brought about by the economic ramifications of the Covid-19 epidemic, the Group is of the view that the net proceeds from the sale will put the Group in a position of strength when it comes to taking advantage of suitable business opportunities or provide the Group with ready cash to fund its operational needs.</u></p>
22 May 2020	Response to questions at the Company’s annual general meeting for the financial year ended 31 December 2019 and extraordinary general meeting in relation to the proposed disposal of the property located at 26 Kallang Avenue	<p><b>Question</b></p> <p>Pre pandemic the company has been making losses for the past 6 consecutive years. With no end in sight of the pandemic prospects look bleak for the future. I see the company will continue to bleed for the next few years. How do the Board and the independent directors see the wellbeing of the company in the next few years. To ride the storm and the uncertainties ahead what do independent directors say to consider the following:</p> <p>...</p> <p>c) cut in headcounts including early retirement of non performing directors /management staff</p> <p>...</p> <p><b>Company’s response</b></p> <p>The need to undertake any cost cutting measures is an ongoing assessment. The Group has taken active steps such as several rounds of downsizing and cost reduction measures throughout the last few years for example in 2018 there was a 50% reduction in Director Fee. <u>The proposed sale of the Property is also part of our cost reduction efforts in light of its underutilisation and as announced on 15 May 2020, is expected to reap estimated annual cost savings of up to S\$1.1 million.</u></p>
26 May 2020	Response to question received from Securities Investors Association	<p><b>Question</b></p> <p>Has management evaluated its financial position and assessed if it has sufficient liquidity to tide it over the pandemic?</p> <p><b>Company’s response</b></p>

## APPENDIX VIII – BASES AND ASSUMPTIONS OF THE FORECAST STATEMENTS

	(Singapore) in relation to the Company's annual report for the financial year ended 31 December 2019	<u>As at 31 December 2019, our external auditor, Ernst &amp; Young LLP, has verified that we have sufficient liquidity and no going concern issues through FY2020. However, the COVID-19 pandemic has brought about many uncertainties which may impact on the Company's ability to continue as a going concern. The Company would however like to highlight that the Proposed Disposal is envisaged to greatly mitigate any liquidity issues that may arise from the COVID-19 pandemic.</u>
12 August 2020	Unaudited financial statements and dividend announcement for the half year ended 30 June 2020	<p><b>10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.</b></p> <p><u>"The COVID-19 pandemic is expected to continue to impact the Group's supply chain business and prospects in the second half of 2020.</u></p> <p><u>"In particular, the Group's Malaysian subsidiary was impacted by a nationwide Movement Control Order (MCO) announced by the Malaysian government which took effect from 18th March 2020, and subsequently extended to 12th May. Due to the uncertainty of any potential future lockdowns that might be imposed by the government in Malaysia, a major customer of the Group's Malaysian subsidiary has been diverting their purchases to other countries. There is no certainty that these purchases will be resumed to the Group's Malaysian subsidiary going forward. This is expected to significantly affect the Group's supply chain activities in Malaysia in the second half of 2020.</u></p> <p>In view of the economic disruptions caused by the Pandemic, the Group will continue to adopt a prudent approach and carefully review its operations to ensure that its operating costs and strategies are aligned with market expectations in the new normal. The Group will make effort in adapting remote working across teams and locations, while continuing to push its business agenda.</p> <p><u>In terms of near term liquidity, the Board is of the view that the Group's operating cash flow remains stable and has sufficient unutilised bank facilities to meet its working capital needs."</u></p>

### The Forecast Statements were not made in conjunction with the Offer.

The Forecast Statements, for which the Directors are solely responsible, were made on bases consistent with the accounting policies normally adopted by the Group and were made based on the following assumptions:

1. In respect of the Forecast Statements made in the public releases dated 27 February 2020, 15 May 2020, 22 May 2020, 26 May 2020 and 12 August 2020, the following assumptions apply:
  - (a) There will be no material changes in the existing political, regulatory, or legal conditions affecting the activities of the Group, the industry and the countries in which the Group operates.

---

## APPENDIX VIII – BASES AND ASSUMPTIONS OF THE FORECAST STATEMENTS

---

- (b) There will be no material changes in the principal activities, management and organisational structure of the Group or in its principal sources of revenue.
- (c) There will be no material changes in the accounting policies of the Group.
- (d) There will be no material changes in the bases or rates of taxation, CPF contributions and government levies from those prevailing and which may affect the Group's financial performance or condition.
- (e) There will be no significant changes in inflation rates.
- (f) There will be no material changes in interest rates from those prevailing as at the date of the Forecast Statements.
- (g) There will be no significant changes to the major foreign currency exchange rates that will adversely affect the Group's results.
- (h) There will be no material effect on the Group arising from any changes in the economic and financial positions of the Group, its suppliers, contractors, sub-contractors and customers.
- (i) There will be no material operational disruptions arising from any prolonged delays from any suppliers, contractors, sub-contractors or customers in relation to *inter alia* payments, quality of supplies and finished works, disputes, variation orders.
- (j) There will be no material adverse change in the operating cost structure of the Group, including the cost of materials and supplies, labour and all other cost required for the business and cost which the Group has committed to.
- (k) There will be no material one-off item or cost to be incurred that has adverse impact on the Group's financial performance.
- (l) There will be no material impairment to the carrying values of assets of the Group including receivables and property, plant and equipment save as already disclosed.
- (m) There will be no material changes in the key management personnel who may impact the Group's business, operations and future viability.
- (n) There will be no material changes to the existing employment benefits and incentive scheme of the Group.
- (o) There will be no requirement for material additional provisions to be made in respect of any liability of the Group.
- (p) There will be no exceptional circumstances that require material provision to be made or costs to be expensed (where applicable) by the Group in respect of any existing or new contracts that the Group have embarked or will embark upon of a revenue or cost nature as the case may be, contingent liability, litigation, or arbitration threatened or otherwise, abnormal bad debts or unexpected termination of contracts.
- (q) Save for the proposed disposal of the Company's property located at 26 Kallang Avenue Singapore 339417 ("**Proposed Disposal**"), there will be no other material acquisitions or disposals by the Group. In respect of the Proposed Disposal, there will be no material delay in the completion of the Proposed Disposal.
- (r) There will be no material changes to the budgeted capital expenditure of the Group.
- (s) There will be no material exceptional item or expense item.

---

## APPENDIX VIII – BASES AND ASSUMPTIONS OF THE FORECAST STATEMENTS

---

- (t) There will be no material changes to the relationships the Group has with major clients and customers which may affect the Group's activities.
  - (u) There will be no material changes in the availability of the Group's existing financing facilities (in relation to *inter alia* rates, charges, repayment terms, covenants, security) with the Group's financiers or credit terms with suppliers.
  - (v) There will be no material changes or disruptions to the Group's working capital cycle.
2. In respect of the Forecast Statements made in the public release dated 27 February 2020, the following additional assumption applies:
- (a) There will be no pandemic diseases, natural disasters, acts of God, civil unrests that would have a material impact to the Group's business and operating activities.
3. In respect of the Forecast Statements made in the public releases dated 15 May 2020, 22 May 2020, 26 May 2020 and 12 August 2020, the following additional assumptions apply:
- (a) Save for the COVID-19 pandemic, there will be no pandemic diseases, natural disasters, acts of God and/or civil unrests that would have a material impact to the Group's business and operating activities.
  - (b) In respect of the COVID-19 pandemic, there will be no further changes in the competitive environment in which the Group operates in, such competition being intensified by the economic downturn brought about by the COVID-19 pandemic.

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

The rights of Shareholders in respect of, *inter alia*, capital, dividends and voting as extracted and reproduced from the Constitution are set out below.

*All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at 80 Robinson Road #02-00, Singapore 068898 during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.*

### **1. Rights in respect of capital**

#### **SHARES**

6. The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. *Power to repurchase shares*
7. Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 53, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions, or which confer special, limited or conditional voting rights, or which do not confer voting rights, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors provided always that:- *Issue of shares*
- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 53(1) with such adaptations as are necessary shall apply; and
- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 53(2), shall be subject to the approval of the Company in General Meeting.
8. (1) The Company has power to issue different classes of shares, including shares which confer special, limited or conditional voting rights, or which do not confer voting rights. *Issue of different classes of shares*
- (2) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. *Shares of a class other than ordinary shares*



---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

- (3) Notwithstanding anything in Articles 8(1) and 8(2), the Company shall not undertake any issuance of shares that confer special, limited or conditional voting rights, or that confer no voting rights, unless it is approved by the Members by Special Resolution. *Special Resolution required for issuance of shares with special voting rights etc.*
- (4) The Company may issue shares for which no consideration is payable to the Company. *Issue of shares for no consideration*
- (5) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear. *Preference shares*
- (6) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued. *Issue of further preference capital*
9. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. *Treasury shares*
10. If, at any time the share capital is divided into different classes, subject to the provisions of the Act, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of this Constitution relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and any holder of shares of the class present 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 General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the General Meeting shall be as valid and effectual as a Special Resolution carried at the General Meeting. *Variation of rights*
11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution as is in force at the time of such issue, be deemed to be varied by the issue of further shares ranking equally therewith. *Issue of further shares with special rights*
12. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of *Power to pay commission and brokerage*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

13. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision. *Power to charge interest on capital*
14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share. *Exclusion of equities*
15. Except as herein provided no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other moneys due for the time being on every share held by him. *Exercise of Member’s rights*
16. When two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the provisions following:- *Joint holders*
- (a) The Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators (or trustees) of the estate of a deceased Member.
  - (b) For the purposes of a quorum joint-holders of any share shall be treated as one Member.
  - (c) Only one certificate shall be issued in respect of any share.
  - (d) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company. Any notice served on any one of the joint-holders shall be deemed to have been duly served on all of them.
  - (e) The joint-holders of any share shall be liable severally as well as jointly in respect of calls and any other payments which ought to be made in respect of such share.
  - (f) Any one of the joint-holders of any share may give effectual receipts for any dividend, return of capital or other sum of money payable to such joint-holders in respect of such share.

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

- (g) On the death of any one of the joint-holders of any share the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they think necessary to call for.
- (h) If more than one of such joint-holders are present in person or proxy at any General Meeting only that one of the joint-holders or his attorney or proxy, whose name stands first in the Register of Members or (as the case may be) the Depository Register amongst those so present in person or proxy shall be entitled to vote in respect of any of the shares so held.

### **SHARE CERTIFICATES**

17. Every certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class. *Certificates*
18. Every person whose name is entered as a Member in the Register of Members shall be entitled within ten market days (or such other period as may be approved by the Stock Exchange) of the closing date of any application for shares or, as the case may be, the date of lodgment of a registrable transfer or on a transmission of shares to one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. If a Member shall require several certificates each for a part of the shares so allotted or transferred or included in the transmission or if a Member transfers part only of the shares comprised in a certificate or requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the Member shall pay prior to the issue of the certificates or certificate a fee not exceeding S\$2 for each such new certificate as the Directors may determine. *Entitlement to certificates*
19. Subject to the provisions of the Act, if any certificate shall be defaced, worn out, destroyed, lost or stolen, a new certificate may be issued in lieu thereof on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such new certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. *New certificates may be issued*

### **TRANSFER OF SHARES**

20. Subject to the provisions of this Constitution, all transfers of shares shall be effected by written instrument of transfer in the form as approved by the Stock Exchange or in any other form acceptable to the Directors. *Form of transfer of shares*
21. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository *Execution of transfer of shares*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the share concerned until the name of the transferee is entered in the Register of Members in respect thereof.

22. No shares shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs. *Person under disability*
23. There shall be no restriction on the transfer of fully paid up shares (except as required by law, the listing rules of the Stock Exchange or the rules and/or byelaws governing the Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten market days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act. *Directors’ power to decline to register*
24. If the Directors refuse to register a transfer of any share, they shall within ten market days after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of refusal as required by the Act. *Notice of refusal*
25. The Directors may decline to register any instrument of transfer unless:- *Terms of registration of transfers*
- (a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;
  - (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
  - (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
  - (d) the instrument of transfer is in respect of only one class of shares.

All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same except in the case of fraud.

26. The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty days in any year. The Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and the purpose or purposes of such closure. *Suspension of registration*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

27. Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person. *Renunciation of allotment*

### **TRANSMISSION OF SHARES**

28. (1) In the case of the death of a Member whose name is entered in the Register of Members, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. *Survivor, executors or administrators entitled to shares of a deceased Member*
- (2) In the case of the death of a Member who is a Depositor, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only persons recognised by the Company as having any title to his interest in the shares. *Survivor, executors or administrators entitled to shares of a deceased Depositor*
- (3) Nothing in this Article shall release the estate of a deceased holder from any liability in respect of any share solely or jointly held by him. *Estate of deceased holder*
29. Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member. *Transmission of shares*
30. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing in a form approved by the Directors signed by him stating that he so elects. If he shall elect to transfer the share to another person he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer signed by the person from whom the title by transmission is derived. *Requirements regarding transmission of shares*
31. A person becoming entitled to a share by transmission shall be entitled to receive and give a discharge for the same dividends and be entitled to the other advantages to which he would be entitled if he were the Member in respect of the share, except that he shall not, before being registered as a Member in the Register of Members or before his name shall have been entered in the Depository Register in respect of the share, be *Rights of persons entitled to a share by transmission*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

entitled in respect of it to exercise any right conferred by membership in relation to General Meetings.

32. The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with. *Person entitled may be required to register or transfer share*
33. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding S\$2 as the Directors may from time to time require or prescribe. *Fee for registration of probate, etc*

### CALLS ON SHARES

34. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days’ notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. *Amounts and periods*
35. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments. *When made*
36. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part. *Interest on overdue calls*
37. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. *On allotment*
38. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment. *Directors may differentiate between holders*
39. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceed the amount of the call then made upon the shares concerned, the Company may pay interest at such rate not exceeding eight per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits. *Payment in advance of calls*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

40. The Directors may apply all dividends which may be declared in respect of any shares in payment of any calls made or instalments payable and which may remain unpaid in respect of the same shares. *Lien on dividends to pay call*

### **LIEN AND FORFEITURE**

41. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. *Company’s lien*
42. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit but no sale shall be made until such time as the moneys owing to the Company are presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default shall have been served in such manner as the Directors shall think fit on such Member or the person (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for fourteen days after such notice. Provided always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member the Directors may exercise such power of sale without serving any such notice. *Notice to pay the amount due, and sale on non-compliance therewith*
43. Upon any sale being made by the Directors of any shares to satisfy the lien of the Company thereon the proceeds shall be applied first in the payment of the costs of such sale, next in satisfaction of the debt, obligation, engagement or liability of the Member to the Company and the residue (if any) shall be paid to the Member or as he shall direct or to his executors, administrators or assigns. *Application of sale proceeds*
44. A statutory declaration in writing that the declarant is a Director and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, reallocated or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share. *Title to shares forfeited or surrendered or sold to satisfy a lien*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

45. In the event of a forfeiture of shares or a sale of shares to satisfy the Company’s lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold. *Certificate of shares to be delivered to the Company*
46. If a Member fails to pay any call or any part thereof on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. *If call or instalment not paid, notice may be given*
47. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited. *Form of notice*
48. If the requirements of such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter before all payments required by the notice have been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. *If notice not complied with shares may be forfeited*
49. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such person as aforesaid. *Sale of shares forfeited*
50. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part. *Rights and liabilities of Members whose shares have been forfeited or surrendered*
51. The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time as if the same had been payable by virtue of a call duly made and notified. *Forfeiture applies to non-payment of call due at fixed time*

### ALTERATION OF CAPITAL

52. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or *Rights and privileges of new shares*



---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

other special, limited or conditional rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, or which do not confer voting rights, as the Company may from time to time by Ordinary Resolution or, if required by the Act, by Special Resolution determine (or, in the absence of any such determination, but subject to the Act, as the Directors may determine) and subject to the provisions of the Act, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed.

53. (1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company and the Directors may as they think most beneficial to the Company dispose of any such new shares which by reason of the proportion borne by them to the shares held by holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this article.
- Issue of new shares to Members*
- (2) Notwithstanding Article 53(1) but subject to Article 8(3), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-
- General authority for Directors to issue new shares and make or grant Instruments*
- (a) (i) issue shares of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force, provided that:-
- (i) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

- (ii) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and
- (iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
54. Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Act and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise. *New shares otherwise subject to provisions of the Act and this Constitution*
55. (1) The Company may by Ordinary Resolution:- *Power to consolidate, subdivide and redenominate shares*
- (a) consolidate and divide all or any of its shares;
- (b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act and this Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (c) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.
- (2) The Company may by Special Resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares. *Power to convert shares*
56. The Company may by Special Resolution reduce its share capital, or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. *Power to reduce capital*

### **CONVERSION OF SHARES INTO STOCK**

57. The Company may by Ordinary Resolution convert any paid-up shares into stock, and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination. *Conversion of shares into stock and re-conversion*
58. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same articles as and subject to which the shares from which the stock arose might previously to conversion *Transfer of stock*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum number of stock units transferable and restrict or forbid the transfer of fractions of that minimum.

59. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. *Rights of stockholders*
60. The provisions of this Constitution which are applicable to paid-up shares shall, so far as circumstances will admit, apply to stock, and the words “share” and “shareholder” therein shall include “stock” and “stockholder”. *Shares/stock*

### RESERVES

151. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide. *Power to carry profit to reserve*

### CAPITALISATION OF PROFITS AND RESERVES

152. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to Article 53(2) (but subject to Article 8(3)):- *Power to capitalise Profits*
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:-
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Article 53(2)) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares; and/or
- (b) capitalise any sum standing to the credit of any of the Company’s reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:-

- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Article 53(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

- (2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 152(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. *Power to give effect to bonus issues and capitalisations*
- (3) In addition and without prejudice to the powers provided for by Articles 152(1) and 152(2), the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or noncumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:- *Power to issue free shares and/or to capitalise reserves for share-based incentive plans and Directors remuneration*
  - (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or
  - (b) be held by or for the benefit of non-executive Directors as part of their remuneration under Article 91 and/or Article 92(2) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

### **2. Rights in respect of dividends**

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

### DIVIDENDS

137. The Company may Ordinary Resolution declare dividends, but no dividend shall exceed the amount recommended by the Directors. Unless otherwise provided under the Act, no dividend may be paid to the Company in respect of treasury shares. *Declaration of ordinary dividend*
138. The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company. *Interim dividend*
139. No dividend shall be paid otherwise than out of profits. *Dividend only out of profits*
140. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:- *Application and apportionment of dividends*
- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
  - (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

141. (1) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:- *Scrip dividend scheme*
- (a) the basis of any such allotment shall be determined by the Directors;
  - (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article;

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
  - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 152, the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (2) (a) The ordinary shares allotted pursuant to the provisions of paragraph (1) of this article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of paragraph (1) of this article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).
- (3) The Directors may on any occasion when they resolve as provided in paragraph (1) of this article determine that rights of election under that paragraph shall not be made available to Members who are registered in the Register of Members or (as the case may be) the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such *Record date*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

event the provisions of this article shall be read and construed subject to such determination.

- (4) The Directors may on any occasion when they resolve as provided in paragraph (1) of this article further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared. *Eligibility*
- (5) Notwithstanding the foregoing provisions of this article, if at any time after the Directors’ resolution to apply the provisions of paragraph (1) of this article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their own discretion and without assigning any reason therefore, cancel the proposed application of paragraph (1) of this article. *Disapplication*
142. The Directors may retain any dividends or other moneys payable on or in respect of a share 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. *Dividend may be retained*
143. Any General Meeting declaring a dividend may direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of 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 such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members 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 as may seem expedient to the Directors. No valuation, adjustment or arrangement so made shall be questioned by any Member. *Payment of dividend in specie*
144. Any dividend, interest or other moneys payable in cash on or in respect of shares may be paid by cheque or warrant order sent through the post directed to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or (as the case may be) the Depository Register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be payable to the order of the person to whom it is sent. *Payment by post*
145. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby, and the Company shall not be responsible for the loss of any cheque or warrant which shall be sent by post duly addressed to the person for whom it is intended. *Company not responsible for loss*
146. No unpaid dividend shall bear interest against the Company. *No interest*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

147. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. *No dividend before registration*
148. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under that article is entitled to transfer, until such person shall become a Member in respect thereof or shall duly transfer the same. *Power to retain dividends pending transmission*
149. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. *Unclaimed dividends*
150. A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment. *Payment to Depository good discharge*

### **3. Rights in respect of voting**

#### **GENERAL MEETINGS**

61. (1) Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place in Singapore as may be determined by the Directors. *Annual General Meeting*
- (2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings and shall be held at such time and place in Singapore as may be determined by the Directors. *Extraordinary General Meeting*
62. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened by General Meetings such requisition or, in default, may be convened by such requisitionists, in accordance with the provisions of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. *Calling Extraordinary General Meetings*

#### **NOTICE OF GENERAL MEETINGS**

63. (1) Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which *Notice of General Meetings*



---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

special notice has been given to the Company shall be called by at least twenty one days’ notice in writing and any Annual General Meeting and any other Extraordinary General Meeting by at least fourteen days’ notice in writing. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in the manner hereinafter mentioned to such persons as are under the provisions herein contained and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the Members having a right to vote at that meeting.

Provided also that the accidental omission to give notice to, or the nonreceipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.

At least fourteen days’ notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.

- (2) Notice of every General Meeting shall be given to:-
  - (a) every Member;
  - (b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the General Meeting; and
  - (c) the Auditor for the time being of the Company.

*Persons entitled to receive notice*
  
- 64 (1) Every notice calling a General Meeting shall specify the place in Singapore and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member. Where the Company has one or more classes of shares that confer special, limited or conditional voting rights, or that confer no voting rights, the notice calling a General Meeting shall also specify the special, limited or conditional voting rights, or the absence of voting rights, in respect of each such class of shares.

*Contents of notice*
  
- (2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

*Notice of Annual General Meeting*
  
- (3) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business; and if any resolution is to be

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

65. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:- *Routine business*
- (a) declaring dividends;
  - (b) considering and adopting the financial statements, the Directors’ statement, the Auditor’s report and other documents required to be attached to the financial statements;
  - (c) appointing or re-appointing the Auditor and fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and
  - (d) appointing or re-appointing Directors in place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.
66. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. *Special business*

### **PROCEEDINGS AT GENERAL MEETINGS**

67. No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two Members present in person or by proxy shall form a quorum. *Quorum*
68. If within half an hour from the time appointed for the General Meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place in Singapore, or to such other day and at such other time and place in Singapore as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be deemed to be a quorum. *Adjournment if quorum not present*
69. The Chairman, if any, of the Directors shall preside as Chairman at every General Meeting. If there be no such Chairman or if at any General Meeting he be not present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose some Director to be Chairman of the meeting or, if no Director be present or if all the Directors present decline to take the chair, one of their number present to be Chairman. *Chairman*
70. The Chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned sine die, the time and place in Singapore for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or sine die, notice of the adjourned meeting shall be given as in the *Adjournment*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.

71. (1) If required by the listing rules of the Stock Exchange or the rules and/ or bye-laws governing the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange). *Mandatory polling*
- (2) Subject to Article 71(1), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded:- *Method of voting where mandatory polling not required*
- (a) by the Chairman; or
  - (b) by at least two Members present in person or by proxy and entitled to vote thereat; or
  - (c) by any Member or Members present in person or by proxy and representing not less than five per cent of the total voting rights of all the Members having the right to vote at the General Meeting; or
  - (d) by a Member or Members present in person or by proxy, holding shares conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent of the total sum paid up on all the shares conferring that right.

A demand for a poll made pursuant to this Article 71(2) shall not prevent the continuance of the General Meeting for the transaction of any business, other than the question on which the poll has been demanded. Unless a poll be so demanded (and the demand be not withdrawn) or is required pursuant to Article 71(1), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll made pursuant to this Article 71(2) may be withdrawn.

72. Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the General Meeting. The Chairman may (and, if required by the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange or if so requested by the meeting, shall) appoint scrutineers and may adjourn the meeting to some time and place in Singapore fixed by him for the purpose of declaring the result of the poll.
73. If any votes 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 General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude. *Votes counted in error*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

74. In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote. *Chairman’s casting vote*
75. A poll on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the General Meeting) and place in Singapore as the Chairman may direct. No notice need be given of a poll not taken immediately. *Time for taking a poll*
76. After the Chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed. *End of General Meeting*

### VOTE OF MEMBERS

77. (1) Subject and without prejudice to any special privileges or restrictions 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 and to Article 9, each Member entitled to vote may vote in person or by proxy. Every Member who is present in person or by proxy shall:- *Voting rights of members*
- (a) on a poll, have one vote for every share which he holds or represents; and
- (b) on a show of hands, have one vote, provided that:-
- (i) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and
- (ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

- (2) Save as otherwise provided in the Act:- *Appointment of proxies*
- (a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General 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; and

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

- (b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General 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.
- (3) In any case where a Member is a Depositor, the Company shall be entitled and bound:- *Shares entered in Depository Register*
- (a) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that 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 72 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (c) Subject to this Constitution, the Act and the listing rules of the Stock Exchange, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile. *Voting in Absentia*
- (4) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regards to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. *Notes and instructions*
78. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member and such corporation shall for the purpose of this Constitution (but subject to the Act) be deemed to be present in person at any such General Meeting if a person so authorised is present thereat. *Corporations acting by representatives*
79. Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto and if more than one of such joint holders be so present at any General Meeting that one of such persons so present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

share stands shall for the purpose of this article be deemed joint holders thereof.

80. Subject to the provisions of this Constitution every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. *Rights to vote*
81. No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. *Objections*
82. 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. *Votes on a poll*
83. (1) An instrument appointing a proxy shall be in writing and:- *Execution of proxies*
- (a) in the case of an individual shall be:-
    - (i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or
    - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
  - (b) in the case of a corporation shall be:-
    - (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or
    - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of Articles 83(1)(a)(ii) and 83(1)(b) (ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor (which shall, for purposes of this paragraph include a Depositor) 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 pursuant

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

to Article 85, failing which the instrument may be treated as invalid.

- (2) The Directors may, in their absolute discretion:-
- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
- (b) designate the procedure for authenticating an instrument appointing a proxy, as contemplated in Articles 83(1)(a)(ii) and 83(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Article 83(1)(a)(i) and/or (as the case may be) Article 83(1)(b)(i) shall apply.
84. A proxy need not be a Member.
85. (1) An instrument appointing a proxy or the power of attorney or other authority, if any:-
- (a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or
- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,
- and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid. The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the meeting.
- (2) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Article 85(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Article 85(1)(a) shall apply.
86. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.
87. An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve. An instrument appointing a proxy shall, unless the contrary is stated therein be valid as well for any adjournment of the General Meeting as for the General Meeting to which it relates and need not be witnessed.

*Directors may approve method and manner, and designate procedure, for electronic communications*

*A proxy need not be Member*

*Deposit of proxies*

*Directors may specify means for electronic communications*

*Rights of proxies*

*Form of proxies*

---

## APPENDIX IX – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

---

88. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

*Intervening death or mental disorder of principal not to revoke proxy*

### **4. Rights in respect of winding up**

159. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (including any shares in any other company received by the liquidator as consideration for the sale of the whole or part of the Company’s assets and whether they shall consist of property of the same kind or not) and any such division may be otherwise than in accordance with the existing rights of the Members and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability. This article is without prejudice to the rights of persons whose shares are issued on special terms. If any division is resolved on otherwise than in accordance with the existing rights of the Members, 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.

*Winding up*