## **CIRCULAR DATED 10 MARCH 2022**

THIS CIRCULAR IS ISSUED BY SHINVEST HOLDING LTD. (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTOR (AS DEFINED HEREIN) AND THE ADVICE OF PROVENANCE CAPITAL PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTOR) TO THE INDEPENDENT DIRECTOR. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

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

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

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.



(Incorporated in the Republic of Singapore) (Company Registration Number: 198905519R)

# **CIRCULAR TO SHAREHOLDERS**

in relation to the

**VOLUNTARY CONDITIONAL CASH OFFER** 

by

## UNITED OVERSEAS BANK LIMITED

(Company Registration No.: 193500026Z) (Incorporated in Singapore)

for and on behalf of

# VTTSG HOLDING PTE. LTD.

(Company Registration No.: 202143964E) (Incorporated in Singapore)

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

Independent Financial Adviser to the Independent Director of the Company

## PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore) (Company Registration No.: 200309056E)

SHAREHOLDERS SHOULD NOTE THAT IN THE ANNOUNCEMENT DATED 4 MARCH 2022 RELEASED BY UOB, FOR AND ON BEHALF OF THE OFFEROR, THE OFFER HAS BEEN DECLARED UNCONDITIONAL IN ALL RESPECTS (THE "UNCONDITIONAL ANNOUNCEMENT").

THE UNCONDITIONAL ANNOUNCEMENT STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY 5.30 P.M. (SINGAPORE TIME) ON 13 APRIL 2022 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

# **CONTENTS**

		Page
DEFI	NITIONS	2
CAU	FIONARY NOTE ON FORWARD-LOOKING STATEMENTS	7
SUM	MARY TIMETABLE	8
LETT	ER TO SHAREHOLDERS	g
1.	INTRODUCTION	g
2.	THE OFFER	10
3.	INFORMATION ON THE OFFEROR AND THE TEO FAMILY GROUP	13
4.	IRREVOCABLE UNDERTAKINGS AND ROLLOVER ARRANGEMENT	14
5.	OFFEROR'S RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY	15
6.	FINANCIAL EVALUATION OF THE OFFER	16
7.	LISTING STATUS AND COMPULSORY ACQUISITION	17
8.	CONFIRMATION OF FINANCIAL RESOURCES	18
9.	DISCLOSURES	18
10.	DIRECTORS' INTERESTS	19
11.	ADVICE AND RECOMMENDATION	19
12.	ACTION TO BE TAKEN BY THE SHAREHOLDERS	21
13.	OVERSEAS SHAREHOLDERS	22
14.	INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS	23
15.	DIRECTORS' RESPONSIBILITY STATEMENT	24
16.	ADDITIONAL INFORMATION	24
APP	ENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER	
APP	ENDIX II - ADDITIONAL GENERAL INFORMATION ON THE GROUP	II-1
APP	ENDIX III – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021	
APP	ENDIX IV – PROFIT GUIDANCE FOR THE HALF YEAR FINANCIAL RESULTS ENDED 28 FEBRUARY 2022	
APP	ENDIX V - SELECTED TEXTS FROM THE COMPANY'S CONSTITUTION	V-1
A DDI	ENDLY VI. VALUATION CERTIFICATES	\/  4

## **DEFINITIONS**

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

"Acceptance Forms" : The FAA and the FAT collectively or any one of them, as the case

may be

"ACRA" : The Accounting and Corporate Regulatory Authority of Singapore

"Awards" : Has the meaning ascribed to in Section 2.1(e)(ii) of this Circular

"Business Day" : A day (other than Saturday, Sunday or a public holiday) on which

commercial banks are open for business in Singapore

"CDP" : The Central Depository (Pte) Limited

"Closing Date" : 5.30 p.m. (Singapore time) on 13 April 2022 or such later

date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of

the Offer

"Code" : The Singapore Code on Take-overs and Mergers

"Companies Act" : The Companies Act 1967 of Singapore

"Company" : Shinvest Holding Ltd.

"Company Securities" : (a) Shares;

(b) securities which carry voting rights in the Company; or

(c) convertible securities, warrants, options or derivatives in

respect of the Shares or securities

"Concert Parties" : Parties acting or deemed to be acting in concert with the Offeror in

connection with the Offer

"Constitution" : The constitution of the Company, as amended, modified or

supplemented from time to time

"CPF" : Central Provident Fund

"CPF Agent Banks" : Agent banks included under the CPFIS

"CPFIS" : Central Provident Fund Investment Scheme

CPFIS Investors": Investors who purchase Shares using their CPF contributions

pursuant to the CPFIS

"Directors" : The directors of the Company as at the Latest Practicable Date

"Distributions" : Any dividends, rights, other distributions and return of capital

"Encumbrances" : Any liens, mortgages, pledges, charges, encumbrances, rights of

pre-emption and other security or third party rights and interests of

any nature whatsoever

"FAA" : Form of Acceptance and Authorisation for Offer Shares, which

forms part of the Offer Document and which is issued to

Shareholders whose Offer Shares are deposited with CDP

"FAT" : Form of Acceptance and Transfer for Offer Shares, which forms

part of the Offer Document and which is issued to Shareholders

whose Offer Shares are not deposited with CDP

"Final Day Rule" : Has the meaning ascribed to in Section 2.2(e) of this Circular

"FY" : Financial year ended or ending (as the case may be) 31 August of

a particular year as stated

"Group" : The Company and its subsidiaries

"IFA" : Provenance Capital Pte. Ltd., the independent financial adviser to

the Independent Director in relation to the Offer

"IFA Letter" : The letter dated 10 March 2022 from the IFA to the Independent

Director in relation to the Offer, as set out in Appendix I to this

Circular

"Independent Director" : The director of the Company who is considered to be independent

for the purposes of the Offer, being Mr. Loh Suan Len

"Irrevocable Undertakings" : Has the meaning ascribed to it in Section 7.1(a) of the Offer

Document, as reproduced in Section 4 of this Circular

"Last Trading Day" : 15 February 2022, being the last Market Day on which Shares

were traded on the SGX-ST prior to the Offer Announcement Date

"Latest Practicable Date" : 2 March 2022, being the latest practicable date prior to the

dissemination of this Circular

"Listing Manual" : The listing manual of the SGX-ST, as amended up to the Latest

Practicable Date

"Market Day" : A day on which the SGX-ST is open for the trading of securities

"Minimum Acceptance

Condition"

Has the meaning ascribed to in Section 2.1(f) of this Circular

"Offer" : The voluntary conditional cash offer made by UOB, for and on

behalf of the Offeror, to acquire all 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 and

revised from time to time by or on behalf of the Offeror

"Offer Announcement" : The announcement in connection with the Offer released by UOB,

for and on behalf of the Offeror, on the Offer Announcement Date

"Offer Announcement Date" : 16 February 2022, being the date of the Offer Announcement

"Offer Document" : The offer document dated 2 March 2022, including the FAA

and the FAT, issued by UOB, for and on behalf of the Offeror, in respect of the Offer, 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

"Offer Document Despatch

Date"

2 March 2022, being the date of despatch of the Offer Document

and any related documents

"Offer Document LPD" : 24 February 2022, stated in the Offer Document to be the latest

practicable date prior to the electronic dissemination of the Offer

Document

"Offer Price" : S\$3.50 in cash for each Offer Share

"Offer Shares" : Has the meaning ascribed to in Section 2.1 of this Circular

"Offeror" : VTTSG Holding Pte. Ltd.

"Offeror Directors" : The directors of the Offeror as at the Latest Practicable Date,

being Mr Teo Teck Leong, Mr Teo Eng Hwee, Mr Teo Eng Shing

and Mr Teo Eng Thian

"Offeror Securities" : (a) securities which carry voting rights in the Offeror; or (b)

convertible securities, warrants, options or derivatives in respect of

securities which carry voting rights in the Offeror

"Overseas Shareholders" : Has the meaning ascribed to it in Section 13.2 of the Offer

Document, as reproduced in Section 13.1 of this Circular

"Options": Has the meaning ascribed to in Section 2.1(e)(i) of this Circular

"Properties" : Has the meaning ascribed to it in paragraph 10 of Appendix II to

this Circular

"Profit Guidance" : Has the meaning ascribed to in paragraph 9.3 of Appendix II to

this Circular

"Register" : The register of holders of Shares, as maintained by the Share

Registrar

"Rollover Arrangement" : Has the meaning ascribed to it in Section 7.2 of the Offer

Document, as reproduced in Section 4 of this Circular

"Rollover Group" : Has the meaning ascribed to it in Section 5.4(b)((ii) of the Offer

Document, as reproduced in Section 3 of this Circular

"Rollover Shares" : Has the meaning ascribed to it in Section 7.2 of the Offer

Document, as reproduced in Section 4 of this Circular

"Rule 22.6 Period" : Has the meaning ascribed to in Section 2.2(d) of this Circular

"Securities Account" : A securities account maintained by a Depositor with CDP, but does

not include a securities sub-account

"SFA" : Securities and Futures Act 2001 of Singapore

"SGX-ST" : The Singapore Exchange Securities Trading Limited

"Shareholders" : Holders of the Offer Shares, including persons whose Offer Shares

are deposited with CDP or who have purchased Offer Shares on

the SGX-ST

"Share Registrar" : In.Corp Corporate Services Pte. Ltd.

"Shares" : Issued and paid-up ordinary shares in the capital of the Company

"SHL ESOS" : Has the meaning ascribed to in Section 2.1(e)(i) of this Circular

"SHL PSP" : Has the meaning ascribed to in Section 2.1(e)(ii) of this Circular

"Shut-Off Notice" : Has the meaning ascribed to in Section 2.2(d) of this Circular

"SIC" : Securities Industry Council of Singapore

"SRS" : The Supplementary Retirement Scheme

"SRS Agent Banks" : Agent banks included under SRS

"SRS Investors" : Investors who hold Shares purchased pursuant to SRS

"S\$" or "\$" and "cents" : Singapore dollars and cents, respectively

"Teo Family Group" : Has the meaning ascribed to it in Section 5.1(c)((i) of the Offer

Document, as reproduced in Section 3 of this Circular

"UOB" : United Overseas Bank Limited

Announcement"

"Unconditional : The announcement dated 4 March 2022 released by UOB, for and

on behalf of the Offeror, in relation to, inter alia, the Offer being

declared unconditional in all respects

"Valuation Certificates" : The valuation certificates dated 28 February 2022 issued by the

Valuer in respect of the Properties in connection with the Offer,

copies of which are set out in Appendix VI to this Circular

"Valuer" : RHT Valuation Pte. Ltd., being the independent valuer

commissioned by the Company to conduct valuation of the

Properties in connection with the Offer

"VWAP" : Volume-weighted average price

"%" or "per cent" : Percentage or per centum

Acting in Concert. Unless otherwise defined, the term "acting in concert" shall have the meaning ascribed to it in the Code.

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

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

**Shares.** Unless stated otherwise, any reference in this Circular to the total number of Shares is a reference to a total of 29,905,222 Shares (excluding Shares held in treasury) as at the Latest Practicable Date (based on the results of the electronic instant information search on the Company dated the Latest Practicable Date obtained from ACRA).

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

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

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

**Subsidiary, Related Corporations.** The expressions "**subsidiary**" and "**related corporations**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

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

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular in italics and all capitalised terms and expressions used within these reproduced statements shall have the same meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

## 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 as at the Latest Practicable Date. 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 or outcomes 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 neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

## **SUMMARY TIMETABLE**

Date of despatch of the Offer Document : 2 March 2022

Date of despatch of this Circular : 10 March 2022

Closing Date : 5.30 p.m. (Singapore time) on 13 April 2022 or such later

date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement

of acceptances of the Offer

Date of settlement of consideration for valid acceptances of the Offer

(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 with its terms, within seven (7) Business Days after such date: or

(b) in respect of acceptances which are complete and valid in all respects and are received after the date on which the Offer becomes or is declared to be unconditional in all respects with its terms, but before the Offer closes, within seven (7) Business Days after the date of such receipt.

Please refer to paragraph 2 of Appendix 1 to the Offer Document for further details.

## LETTER TO SHAREHOLDERS

# SHINVEST HOLDING LTD.

(Incorporated in the Republic of Singapore) (Company Registration Number: 198905519R)

#### **Directors:**

Registered Office:

Loh Suan Len (*Non-Executive Chairman and Independent Director*)
Teo Teck Leong (*Managing Director*)
Teo Eng Thian (*Executive Director*)

3 Kian Teck Crescent Singapore 628881

10 March 2022

To: The Shareholders of the Company

Dear Sir/Madam

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

## 1. INTRODUCTION

## 1.1 Offer Announcement

On 16 February 2022, UOB announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer in accordance with Rule 15 of the Code for all Offer Shares at the Offer Price.

A copy of the Offer Announcement is available on the website of the SGX-ST at <a href="https://www.sgx.com">https://www.sgx.com</a>.

## 1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document despatched by the Offeror on the Offer Document Despatch Date, being 2 March 2022, containing the formal offer by UOB, for and on behalf of the Offeror, to acquire all the Offer Shares, subject to the terms and conditions set out in the Offer Document.

Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

A copy of the Offer Document is available on the website of the SGX-ST at https://www.sgx.com.

## 1.3 Independent Financial Adviser

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser to the Independent Director in relation to the Offer.

# 1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the recommendation of the Independent Director and the advice of the IFA to the Independent Director in respect of the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the advice of the IFA to the Independent Director and the recommendation of the Independent Director set out in this Circular before deciding whether or not to accept the Offer.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, solicitor, tax adviser or other professional advisers immediately.

## 2. THE OFFER

## 2.1 Terms of the Offer

Based on the information set out in the Offer Document, UOB, for and on behalf of the Offeror, made the Offer to acquire all the Shares other than those already held by the Offeror as at the date of the Offer (the "Offer Shares") in accordance with Rule 15 of the Code and on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms. The principal terms and conditions of the Offer are set out below.

# (a) Offer Shares

Section 2.2 of the Offer Document states that, for the avoidance of doubt, the Offer is extended to all the Shares, including any 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.

## (b) Offer Price

Section 2.3 of the Offer Document states that the consideration for each Offer Share is \$\\$3.50 in cash (the "Offer Price").

## (c) No Encumbrances

Section 2.4 of the Offer Document states that the Offer Shares will 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 the right to receive and retain all Distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

## (d) Adjustments for Distributions

Section 2.5 of the Offer Document states that if any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer and the settlement date in respect of the Offer Shares accepted pursuant to the Offer falls after the record date for the determination of entitlements to such Distribution, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by the amount of such Distribution.

# (e) Options and Awards

Section 2.6 of the Offer Document states that, based on the latest information available to the Offeror as at the Offer Document LPD:

- (i) there are no outstanding options exercisable in respect of Shares ("Options") granted under the SHL Employees' Share Option Scheme 2019 (the "SHL ESOS") which was approved by the Shareholders on 30 December 2019; and
- (ii) there are no outstanding awards for Shares ("Awards") granted under the SHL Performance Share Plan (the "SHL PSP") which was approved by the Shareholders on 30 December 2019.

In view of the foregoing, the Offeror will not make an offer to acquire any Options or Awards. For the avoidance of doubt, the Offer will be extended to all new Shares unconditionally issued or to be issued pursuant to the valid exercise of Options or release of Awards to the holders thereof (if any), on or prior to the close of the Offer.

## (f) Minimum Acceptance Condition

Section 2.7 of the Offer Document states that the Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights attributable to the total number of issued Shares (excluding any Shares held in treasury) as at the close of the Offer (the "Minimum Acceptance Condition").

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it holding more than 50% of the maximum potential number of Shares. For this purpose, the "maximum potential number of Shares" means the total number of Shares in issue (excluding any Shares held in treasury) had all Options and Awards which may vest during the Offer period (if any), been validly exercised or released (as the case may be) as at the date of such declaration.

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

# (g) Revision of Terms of the Offer

Section 2.8 of the Offer Document states that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code.

# (h) Warranty

Section 2.9 of the Offer Document states that 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 as or on behalf of the beneficial owner(s) thereof, (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, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

## 2.2 **Duration of the Offer**

Paragraph 1 of Appendix 1 to the Offer Document states the following:

#### (a) First Closing Date

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

Pursuant to the Unconditional Announcement, the Offer will close at 5.30 p.m. (Singapore time) on 13 April 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

# (b) Subsequent Closing Date(s)

If the Offer is extended and:

(i) 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

(ii) 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.

# (c) 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 2.7 of the Offer Document is not fulfilled by the Closing Date.

# (d) Offer to Remain Open for 14 days after being Declared Unconditional as to Acceptances

Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period (the "Rule 22.6 Period") of not less than 14 days after the date on which 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 (the "Shut-Off Notice") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (i) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- 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) of Appendix 1 to the Offer Document, 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.

## (e) 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 60th day after the Offer Document 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 (the "Final Day Rule"). The SIC will consider granting such permission in circumstances, including but not limited to, where a competing offer has been announced.

# (f) 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.

## 2.3 Further Details of the Offer

Further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement(s) of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer are set out in Appendix 1 to the Offer Document.

## 2.4 Procedures for Acceptance

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document.

## 3. INFORMATION ON THE OFFEROR AND THE TEO FAMILY GROUP

The following information on the Offeror has been extracted from Section 5 of the Offer Document and reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

## "5. INFORMATION ON THE OFFEROR AND THE TEO FAMILY GROUP

## 5.1 Information on the Offeror

- (a) The Offeror is a special purpose vehicle incorporated under the laws of Singapore on 20 December 2021 and has an issued and paid-up share capital of S\$4, consisting of four (4) ordinary shares (the "Offeror Shares").
- (b) The Offeror has not carried on any business since its incorporation, except to enter into financing arrangements for the purpose of the Offer and the Irrevocable Undertakings with each member of the Rollover Group.
- (c) As at the Latest Practicable Date:
  - (i) the shareholders of the Offeror are Mr Teo Teck Leong, Mr Teo Eng Hwee, Mr Teo Eng Shing and Mr Teo Eng Thian (collectively, the "**Teo Family Group**"), each holding one (1) Offeror Share;
  - (ii) Mr Teo Teck Leong, Mr Teo Eng Hwee, Mr Teo Eng Shing and Mr Teo Eng Thian, each being members of the Teo Family Group, are Directors; and
  - (iii) the Offeror does not hold any Shares.

## 5.2 Information on the Teo Family Group

- (a) Each member of the Teo Family Group is a substantial shareholder of the Company.
- (b) As noted in Section 6.3 (Directors of the Company) below, Mr Teo Teck Leong and Mr Teo Eng Thian are directors of the Company.
- (c) In addition, Mr Teo Teck Leong, Mr Teo Eng Hwee, Mr Teo Eng Shing and Mr Teo Eng Thian, each being members of the Teo Family Group, are directors of Sin Hong Hardware Pte Ltd, a 100% subsidiary of the Company.
- (d) As at the Latest Practicable Date, the Teo Family Group currently holds 8,677,520 Shares in aggregate, which represents approximately 29.02% of the total number of issued Shares, a breakdown of which is set out in paragraph 1 (Holdings in Shares) of **Appendix 6** to this Offer Document.

## 5.3 Shareholder Loans

Prior to the Offer Announcement Date, each member of the Teo Family Group had extended an interest-free shareholder loan of S\$1,250,000 in cash, for an aggregate of \$5,000,000, to the Offeror (the "Shareholder Loans").

# 5.4 Third-Party Financing

In connection with the Offer, the Offeror has obtained financing from UOB and in relation thereto, there are certain security arrangements entered into in favour of the Security Agent in connection with the loan facility, which include:

- (a) a charge in respect of all the Shares to be acquired by the Offeror and all related rights of such Shares; and
- (b) a charge granted by:
  - (i) each member of the Teo Family Group in favour of the Security Agent in respect of all their Offeror Shares (including the Offeror Shares which will be issued to each of them pursuant to the Rollover Arrangement); and
  - (ii) SHK Investment Pte. Ltd. (a company which is wholly-owned by Mr Teo Teck Leong) (collectively with the Teo Family Group, the "Rollover Group") in favour of the Security Agent in respect of all the Offeror Shares which will be issued to it pursuant to the Rollover Arrangement,

and in each case, including all related rights of those Offeror Shares.

#### 5.5 Additional Information

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

## 4. IRREVOCABLE UNDERTAKINGS AND ROLLOVER ARRANGEMENT

The following information on the irrevocable undertakings received by the Offeror and the Rollover Arrangement has been extracted from Section 7 of the Offer Document and reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

# "7. IRREVOCABLE UNDERTAKINGS AND ROLLOVER ARRANGEMENT

## 7.1 Details of Irrevocable Undertakings

- (a) Each member of the Rollover Group has executed irrevocable undertakings (the "Irrevocable Undertakings") in favour of the Offeror, pursuant to which each of them has undertaken to, inter alia, accept, or (where applicable) procure the acceptance of, the Offer in respect of all Shares held or controlled by each of them.
- (b) The Irrevocable Undertakings have been given in respect of an aggregate of 8,677,520 Shares, representing approximately 29.02% of the total number of issued Shares.

## 7.2 Rollover Arrangement

In connection with the Offer and pursuant to the Irrevocable Undertakings executed by the Rollover Group, each member of the Rollover Group has also agreed to be allotted and issued such number of Offeror Shares equal to the number of Offer Shares tendered by such member of the Rollover Group in acceptance of the Offer (the "Rollover Shares"). The aggregate subscription price for the Offeror Shares to be allotted and issued to the Rollover Group will be set off, in full, against the aggregate Offer Price payable by the Offeror to each member of the Rollover Group for accepting the Offer in respect of their respective Rollover Shares (the "Rollover Arrangement").

Upon the Offer becoming unconditional and the issue of the requisite number of Offeror Shares to the Rollover Group pursuant to the Rollover Arrangement, the Offeror will be 100% held by the Rollover Group, in the manner set out in **Appendix 5** to this Offer Document.

## 7.3 Termination of Irrevocable Undertakings

The Irrevocable Undertakings shall terminate, lapse and cease to have any force and effect if the Offer lapses or is withdrawn without becoming or being declared unconditional in all respects for any reason other than a breach of the obligations under each Irrevocable Undertaking.

## 7.4 No other undertakings

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, the Offeror has not received any undertakings from any other party to accept or reject the Offer.

#### 7.5 SIC Confirmation

Pursuant to an application made to the SIC to seek certain rulings in relation to the Offer, the SIC has confirmed that the Teo Family Group are joint offerors and the Irrevocable Undertakings and the Rollover Arrangement will not constitute special deals for the purposes of Rule 10 of the Code and need not be extended to any other Shareholder."

## 5. OFFEROR'S RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY

The Offeror's rationale for the Offer and intentions for the Company has been extracted from Section 8 of the Offer Document and reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.** 

#### \*8. RATIONALE FOR THE OFFER AND INTENTIONS FOR THE COMPANY

## 8.1 Rationale for the Offer

## (a) Generally Low Trading Liquidity of Shares

The trading volume of the Shares has been low, with an average daily trading volume<sup>1</sup> of approximately 1,520 Shares, 4,691 Shares and 3,926 Shares during the one (1)-month period, three (3)-month period and six (6)-month period up to and including 15 February 2022, being the Last Trading Day. These represent approximately 0.005%, 0.016% and 0.013% of the total number of issued Shares for the aforementioned periods respectively.

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 liquidate and realise their investment in the Shares at a premium to the historical traded prices which may otherwise not be available given the low trading liquidity of the Shares.

# (b) Opportunity for Shareholders to Realise their Investment at a Premium without Incurring Brokerage Costs

The Offer Price represents a premium of 12.9% over the closing price per Share of \$\$3.10 on 15 February 2022, being the Last Trading Day.

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Offer Price also represents a premium over the VWAP for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods, respectively, as stated in Section 9 (Financial Evaluation of the Offer) below.

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

The average daily trading volume of the Shares is calculated based on the total volume of Shares traded divided by the number of days which the SGX-ST is open for trading of securities during the relevant periods.

## (c) Greater Management Flexibility

The Offer is made by the Offeror to increase its shareholding in the Company to more than 50% so as to allow it to acquire statutory control of the Company which will enable the Offeror and the Teo Family Group to better control or influence the business and the future plans of the Group.

## 8.2 Offeror's Intentions for the Company

Other than in the normal course of business, the Offeror does not intend to: (a) make major changes to the business of the Company or its management team; (b) re-deploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Group. Nonetheless, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interests of the Company."

## 6. FINANCIAL EVALUATION OF THE OFFER

The following information relating to the financial evaluation of the Offer has been extracted from Section 9 of the Offer Document and reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

## "9. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premiums over the historical traded prices of the Shares as set out below:

Description	Benchmark Price <sup>(1)(2)</sup> (S\$)	Premium over Benchmark Price <sup>(3)</sup> (%)
Last traded price of the Shares as quoted on the SGX-ST on the Last Trading Day	3.100	12.9
VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day	3.226	8.5
VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day	3.175	10.2
VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day	3.179	10.1
VWAP of the Shares traded on the SGX-ST for the twelve (12)-month period prior to and including the Last Trading Day	3.063	14.3

## Notes:

- (1) The figures set out in the table above are based on data extracted from Bloomberg Finance L.P..
- (2) Rounded to the nearest three (3) decimal places.
- (3) For the purposes of the table above, all percentage figures are rounded to the nearest one (1) decimal place."

## 7. LISTING STATUS AND COMPULSORY ACQUISITION

The following information relating to the listing status and compulsory acquisition of the Company has been extracted from Section 10 of the Offer Document and reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extract below carefully.** 

# "10. LISTING STATUS AND COMPULSORY ACQUISITION

## 10.1 Listing Status

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

In addition, under Rule 724 of the Listing Manual, if the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724 of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of issued Shares (excluding any Shares held in treasury) in public hands to at least 10%. The Company may be removed from the Official List of the SGX-ST if it fails to restore the percentage of issued Shares (excluding any Shares held in treasury) in public hands to at least 10% after the period.

In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

## 10.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that 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 Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the "Dissenting Shareholders") on the same terms as those offered under the Offer.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the 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 at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice."

#### 8. CONFIRMATION OF FINANCIAL RESOURCES

The full text of information relating to the confirmation of financial resources by UOB has been extracted from Section 11 of the Offer Document and reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

## "11. CONFIRMATION OF FINANCIAL RESOURCES

UOB, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price, excluding the consideration payable for all the Rollover Shares which are the subject of the Rollover Arrangement."

# 9. **DISCLOSURES**

The following information relating to disclosure of holdings and dealings has been extracted from Section 12 of the Offer Document and Appendix 6 to the Offer Document and reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

# "12. DISCLOSURES

As at the Latest Practicable Date, based on the latest information available to the Offeror and save as set out in **Appendix 6** to this Offer Document and in this Offer Document (including the financing arrangements between the Offeror and UOB for the purpose of the Offer as set out in Section 5.4 (Third-Party Financing)), none of (A) the Offeror and the Directors, (B) the Rollover Group, and (C) UOB:

- (a) owns, controls or has agreed to acquire any Company Securities;
- (b) has received any irrevocable undertaking from any party to accept the Offer;
- (c) has entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Offer;
- (d) has, in respect of any Company Securities (i) granted a security interest to another person, whether through a charge, pledge or otherwise, (ii) borrowed from another person (excluding borrowed securities which have on-lent or sold) or (iii) lent to another person; and
- (e) has dealt for value in any Company Securities during the Reference Period.

All references to "derivative" include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities.

# APPENDIX 6 DISCLOSURE OF HOLDINGS AND DEALINGS

## 1. HOLDINGS IN SHARES

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

Based on responses to enquiries that the Offeror has made, the holdings of the Offeror and the Concert Parties in the Shares are set out below:

No.	Name	Direct Int	erest	Deemed Interest		Total	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	%(1)
1.	Offeror	_	_	_	_	_	_
2.	Mr Teo Teck Leong	915,020	3.06	2,375,000(2)	7.94	3,290,020	11.00
3.	Mr Teo Eng Hwee	1,925,000	6.44	_	_	1,925,000	6.44
4.	Mr Teo Eng Shing	1,925,000	6.44	-	_	1,925,000	6.44
5.	Mr Teo Eng Thian	1,537,500	5.14	_	_	1,537,500	5.14

#### Notes:

- (1) Calculated based on 29,905,222 Shares (excluding any Shares held in treasury) and rounded to the nearest two (2) decimal places.
- (2) Held in the name of SHK Investment Pte. Ltd. (a company which is wholly-owned by Mr Teo Teck Leong).

# 2. DEALINGS IN COMPANY SECURITIES DURING THE REFERENCE PERIOD

Based on responses to enquiries that the Offeror has made, the details of the dealings in Shares by the Offeror and the Concert Parties during the Reference Period are set out below:

Name	Date	No. of Shares Bought	No. of Shares Sold	Counterparty to Dealing	Nature of transaction	Transaction Price per Share (S\$)
Mr Teo Teck Leong	8 December 2021	12,000	-	Ms Toh Ah Hoi (spouse of Mr Teo Teck Leong)	Deemed interest transfer	Nil

# 10. **DIRECTORS' INTERESTS**

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

## 11. ADVICE AND RECOMMENDATION

## 11.1 General

Shareholders should read and carefully consider the advice of the IFA to the Independent Director on the Offer, as set out in the IFA Letter, and the recommendation of the Independent Director before deciding whether to accept or reject the Offer. The IFA Letter is set out in **Appendix I** to this Circular.

## 11.2 Exemptions relating to Directors' Recommendation

As at the Latest Practicable Date, Mr. Loh Suan Len, is regarded as independent for the purposes of the Offer and is required to make a recommendation to the Shareholders in respect of the Offer.

Mr Teo Teck Leong and Mr Teo Eng Thian are directors and shareholders of the Offeror and are therefore acting in concert with the Offeror. The SIC has ruled that Mr Teo Teck Leong and Mr Teo Eng Thian are exempted from the requirement to make a recommendation to Shareholders in connection with the Offer as each of them would face conflicts of interest in relation to the Offer that would render it inappropriate for them to join the Independent Director in making a recommendation to Shareholders on the Offer.

Notwithstanding the above, all the Directors (including, for the avoidance of doubt, Mr Teo Teck Leong and Mr Teo Eng Thian) are jointly and severally responsible for the accuracy of facts stated, opinions expressed and completeness of the information given by the Company to Shareholders on the Offer, including information contained in documents, announcements and advertisements issued by or on behalf of the Company in connection with the Offer.

## 11.3 Advice of the IFA to the Independent Director

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Director in respect of the Offer. Shareholders should consider carefully the recommendation of the Independent Director and the advice of the IFA to the Independent Director before deciding whether to accept or reject the Offer. The IFA's advice is set out in its letter dated 10 March 2022, which is set out in **Appendix I** to this Circular.

In arriving at its recommendations, the IFA has taken into account several key considerations, set forth in paragraph 8 of the IFA Letter. Shareholders should read paragraph 8 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.

After having regard to the considerations set out in the IFA Letter, an extract of which is set out in italics below, and based on the circumstances of the Company and the information as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Director. Shareholders should read the extract below in conjunction with, and in the context of, the full text of the IFA Letter. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

## "8. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTOR ON THE OFFER

In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we considered to be pertinent in our assessment of the Offer:

- (a) rationale for the Offer and the Offeror's intention on the listing status of the Company;
- (b) market quotation and trading activity of the Shares;
- (c) financial analysis of the Group;
- (d) comparison with recently completed privatisation of selected SGX-ST listed companies;
- (e) comparison of valuation statistics of selected listed companies which are broadly comparable with the Group's core business;
- (f) share price performance compared to the reported NTA of the Group;
- (g) estimated value range of the Shares;

- (h) dividend track record of the Company; and
- (i) other relevant considerations in relation to the Offer.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are not fair and not reasonable. Accordingly, we advise the Independent Director to recommend Shareholders to reject the Offer.

In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder may have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Independent Director should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to reject the Offer."

## 11.4 Recommendation of the Independent Director

The Independent Director, having carefully considered the terms of the Offer and the advice given by the IFA to the Independent Director in the IFA Letter, **concurs** with the advice of the IFA in respect of the Offer and accordingly recommends that Shareholders **reject** the Offer.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX I TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE ADVICE OF THE IFA AND THE RECOMMENDATION OF THE INDEPENDENT DIRECTOR SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

The IFA and the Independent Director, in rendering their advice and making their recommendation respectively, have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any individual Shareholder who may require specific advice in respect of his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

## 12. ACTION TO BE TAKEN BY THE SHAREHOLDERS

## 12.1 Shareholders who wish to accept the Offer

Shareholders who wish to accept the Offer should refer to Appendix 2 to the Offer Document which sets out the procedures for acceptance of the Offer.

Shareholders who wish to accept the Offer must do so not later than 5.30 p.m. on the Closing Date.

## 12.2 Shareholders who do not wish to accept the Offer

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 which have been sent to them.

## 13. OVERSEAS SHAREHOLDERS

## 13.1 Availability of the Offer to Overseas Shareholders

Overseas Shareholders should refer to Section 13 of the Offer Document, which is reproduced in italics below. All capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

# "13. OVERSEAS SHAREHOLDERS

## 13.1 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 laws.

The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

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

The Offer (unless otherwise determined by the Offeror and permitted by applicable laws and regulations) 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 facility.

#### 13.2 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 jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and/or the relevant Acceptance Form(s) may not have been sent.

It is the responsibility of Overseas Shareholders who wish to (a) request for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms and/or any related documents, and/or (b) accept the Offer, to 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, UOB, CDP, the Registrar 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, UOB, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (i) requesting for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents), the relevant Acceptance Forms and/or any related documents, and/or (ii) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror, UOB, CDP and the Registrar 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 jurisdiction.

## 13.3 Copies of the Offer Document and the relevant Acceptance Forms

Where there are potential restrictions on sending this Offer Document, the Notification and/or the relevant Acceptance Forms to any overseas jurisdiction, the Offeror and UOB each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of this Offer Document, the Acceptance Forms and/or any related documents from the website of the SGX-ST at <a href="https://www.sgx.com">https://www.sgx.com</a>. To obtain an electronic copy of this Offer Document, please select the section "Securities", under "Company Information" select "Company Announcements" from the dropdown menu list and type the name of the Company: "Shinvest Holding Ltd." in the box titled "Filter by Company/Security Name". "Shinvest Holding Ltd." will appear as a drop-down item below the filter box.

Thereafter, please select the announcement dated 2 March 2022 titled "Voluntary Conditional Cash Offer - Electronic Dissemination of Offer Document". This Offer Document, the Acceptance Forms and its related documents can be accessed by clicking on the link under the section titled "Attachments" at the bottom of the announcement.

#### 13.4 Notice

The Offeror and UOB 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 and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement."

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

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

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price in respect of their Offer Shares validly tendered in acceptance of the Offer in their respective CPF investment accounts and SRS investment accounts.

## 15. <u>DIRECTORS' RESPONSIBILITY STATEMENT</u>

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

Where any information in this Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including, without limitation, information extracted from the Offer Document and the IFA Letter), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

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, to the best of their knowledge and belief, fair and accurate in all material respects.

The recommendation of the Independent Director to Shareholders at Section 11.4 of this Circular is the sole responsibility of the Independent Director.

## 16. ADDITIONAL INFORMATION

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

Yours faithfully For and on behalf of the Board of Directors of **SHINVEST HOLDING LTD.** 

Loh Suan Len Non-Executive Chairman and Independent Director 10 March 2022

#### **APPENDIX I**

# LETTER FROM THE IFA TO THE INDEPENDENT DIRECTOR IN RESPECT OF THE OFFER

#### PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E) (Incorporated in the Republic of Singapore) 96 Robinson Road #13-01 SIF Building Singapore 068899

10 March 2022

To: The sole remaining Independent Director of Shinvest Holding Ltd. (deemed to be independent in respect of the Offer)

Mr Loh Suan Len (Non-Executive Chairman and Independent Director)

Dear Sir,

#### VOLUNTARY CONDITIONAL CASH OFFER FOR SHINVEST HOLDING LTD.

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to shareholders of Shinvest Holding Ltd. dated 10 March 2022 ("Circular"). The latest practicable date as referred to in the Circular and for the purposes of this letter ("Letter") is 2 March 2022 ("Latest Practicable Date").

#### 1. INTRODUCTION

# 1.1 Offer announcement

Shinvest Holding Ltd. ("Company") is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

On 16 February 2022 ("Offer Announcement Date"), United Overseas Bank Limited ("UOB") announced ("Offer Announcement"), for and on behalf of VTTSG Holding Pte. Ltd. ("Offeror"), that the Offeror intends to make a voluntary conditional cash offer ("Offer") in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers ("Code") for all the issued and paid-up ordinary shares in the capital of the Company ("Shares" or "Offer Shares"), including any Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in relation to the Offer.

The consideration for each Offer Share is \$\$3.50 in cash ("Offer Price").

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights attributable to the total number of issued Shares (excluding any treasury shares) as at the close of the Offer ("Minimum Acceptance Condition"). Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

The Offeror is a special purpose vehicle incorporated for the purposes of undertaking the Offer. As at the Offer Announcement Date, the Offeror has a paid-up share capital of S\$4 consisting of 4 ordinary shares ("Offeror Shares"). The Offeror does not hold any Shares.

The shareholders and directors of the Offeror are Messrs Teo Teck Leong, Teo Eng Hwee, Teo Eng Shing and Teo Eng Thian (collectively, the "**Teo Family Group**"). Messrs Teo Eng Hwee, Teo Eng Shing and Teo Eng Thian are siblings and Mr Teo Teck Leong is the uncle of Messrs

Teo Eng Hwee, Teo Eng Shing and Teo Eng Thian. Each member of the Teo Family Group is a substantial shareholder of the Company, and collectively the Teo Family Group holds, directly and indirectly, 8,677,520 Shares, representing 29.02% of the total number of issued Shares. Mr Teo Teck Leong's interest in the Company are held directly and indirectly through SHK Investment Pte. Ltd. ("SHK"), a company wholly owned by him.

As at the Offer Announcement Date, the Company has outstanding 29,905,222 issued Shares. The Company does not hold any treasury shares and has no outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company.

Mr Teo Teck Leong and Mr Teo Eng Thian are Managing Director and Executive Director of the Company respectively, and each member of the Teo Family Group is also a senior management of the Company and its subsidiaries ("**Group**").

Each member of the Teo Family Group and SHK ("Rollover Group") has executed an irrevocable undertaking (collectively "Irrevocable Undertakings") in favour of the Offeror to, inter alia, accept or (where applicable) procure the acceptance of, the Offer in respect of all Shares held or controlled by each of them. Pursuant to the Irrevocable Undertakings, each member of the Rollover Group will be issued such number of Offeror Shares equal to the number of Offer Shares tendered by such member of the Rollover Group ("Rollover Shares"). The aggregate subscription price for the Offeror Shares to be issued to the Rollover Group will be set off, in full, against the aggregate Offer Price payable by the Offeror to each member of the Rollover Group for accepting the Offer in respect of their respective Rollover Shares ("Rollover Arrangement"). Upon the Offer becoming unconditional and the issue of the requisite number of Offeror Shares to the Rollover Group pursuant to the Rollover Arrangement, the Offeror will be 100% held by the Rollover Group.

The intention of the Offeror is to acquire statutory control of the Company. Further in the event that the Offeror acquires not less than 90% of the Shares (including acceptances of the Offer), the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

## 1.2 Formal Offer

On 2 March 2022, the Offeror announced that the formal offer document dated 2 March 2022 ("**Offer Document**") to shareholders of the Company ("**Shareholders**") has been electronically disseminated. Electronic copy of the Offer Document is available on the website of the SGX-ST at <a href="https://www.sgx.com">https://www.sgx.com</a>.

## 1.3 Offer declared unconditional in all respects after Latest Practicable Date

Shortly after the Latest Practicable Date, on 4 March 2022, UOB announced, for and on behalf of the Offeror, that as at 9.00 p.m. (Singapore time) on 4 March 2022, the total number of Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its concert parties (including valid acceptances of the Offer) amounted to an aggregate of 16,558,048 Shares, representing approximately 55.37% of the total number of issued Shares.

Accordingly, the Offer has become and has been declared to be unconditional in all respects.

## 1.4 Our role as Independent Financial Adviser to the Offer

In connection with the Offer, the Company has appointed us, Provenance Capital Pte. Ltd. ("**Provenance Capital**"), as the independent financial adviser ("**IFA**") to advise the directors of the Company ("**Directors**") who are deemed to be independent in respect of the Offer, and for the purposes of making their recommendation to Shareholders in relation to the Offer.

As at the Latest Practicable Date, the Directors are as follows:

- (i) Mr Loh Suan Len, Non-Executive Chairman and Independent Director;
- (ii) Mr Teo Teck Leong, Managing Director; and
- (iii) Mr Teo Eng Thian, Executive Director.

Mr Teo Teck Leong and Mr Teo Eng Thian are shareholders and directors of the Offeror. In view of their irreconcilable conflicts of interest in the Offer, the Securities Industry Council ("SIC") has confirmed that they are exempted from the requirements to make a recommendation to Shareholders on the Offer.

Accordingly, Mr Loh Suan Len is the sole remaining Director who is deemed independent in respect of the Offer ("Independent Director").

This Letter is therefore addressed to the Independent Director and sets out, *inter alia*, our evaluation of the financial terms of the Offer and our recommendation on the Offer. This Letter forms part of the Circular which provides, *inter alia*, details of the Offer and the recommendation of the Independent Director to Shareholders on the Offer.

#### 2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Independent Director in respect of his recommendation to Shareholders in relation to the Offer.

We have confined our evaluation and assessment to the financial terms of the Offer, and have not taken into account the commercial risks or commercial merits of the Offer. In addition, we have not been requested to, and we do not express any advice or give any opinion on the merits of the Offer relative to any other alternative transaction. We were not involved in the negotiations pertaining to the Offer nor were we involved in the deliberations leading up to the decision to put forth the Offer to Shareholders.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Group. Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors and the management of the Group ("Management"), and is predicated on the economic and market conditions prevailing as at the Latest Practicable Date. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the close of the Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Offer in comparison with any alternative transaction the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors and Management and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal, and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in

respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, the Group's properties and the Company's holding of listed securities).

In connection with the Offer, the Company had commissioned RHT Valuation Pte. Ltd. ("Valuer") to carry out an independent valuation of the Group's three wholly-owned properties in Singapore as at 28 February 2022. Copies of each of the valuation certificates are attached as Appendix VI to the Circular. Salient information of the above properties and their respective valuation are set out in Section 6.3.3 of this Letter.

We are not experts in the evaluation or appraisal of the properties concerned, and for the purposes of evaluating and assessing the financial terms of the Offer, we have taken into account, *inter alia*, the independent valuation by the Valuer for such appraisal and we have not made any independent verification of the contents thereof.

In relation to the Group's holding of listed securities, we have assessed the value of these listed securities based mainly on the mark-to-market value of the listed securities as at the Latest Practicable Date.

The information we have relied on in the assessment of the Offer was based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Offer which may be released or published after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not considered the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any Shareholder. As each Shareholder may have different investment profiles and objectives, we advise the Directors to recommend that any Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any Shareholder may reproduce, disseminate or quote this Letter (or any part thereof) for any purpose, other than for the purpose of the Offer, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Independent Director for his benefit and deliberation of the Offer. The recommendation to be made by the Independent Director to Shareholders in respect of the Offer shall remain the responsibility of the Independent Director.

Our recommendation to the Independent Director in relation to the Offer should be considered in the context of the entirety of this Letter and the Circular.

## Responsibility Statement by the Directors

The Directors have confirmed that, to the best of their knowledge and belief, all material information relating to the Company and the Group provided to us in connection with the Offer, is true, complete and accurate in all material respects and there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Offer to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

#### 3. THE OFFER

The detailed terms and conditions of the Offer are set out in Section 2 and Appendix 1 of the Offer Document. The key terms of the Offer are set out below for your reference:

## 3.1 Offer Shares

The Offer is made for all the Shares, including any Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror in relation to the Offer.

#### 3.2 Offer Price

The Offer Price for each Offer Share is \$\$3.50 in cash.

#### 3.3 No Encumbrances

The Offer Shares will be acquired:

- (a) fully paid-up;
- (b) free from all Encumbrances (as defined in the Offer Document); 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 dividends, rights, other distributions and return of capital (collectively, "Distributions"), if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.

## 3.4 Adjustment for Distribution

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date to a Shareholder who accepts or has accepted the Offer and the settlement date in respect of the Shares accepted pursuant to the Offer falls after the record date for the determination of entitlements to such Distribution, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by the amount of such Distribution.

Since the Offer Announcement Date and up to the Latest Practicable Date, we note that the Company has not made or declared any Distribution.

#### 3.5 Conditional Offer

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror

and parties acting in concert with it, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights attributable to the total number of issued Shares (excluding treasury shares) as at the close of the Offer ("Minimum Acceptance Condition").

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

As at the Latest Practicable Date, the Offer has not become or been declared to be unconditional in all respects.

However, shortly after the Latest Practicable Date, on 4 March 2022, UOB announced, for and on behalf of the Offeror, that as at 9.00 p.m. (Singapore time) on 4 March 2022, the total number of Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its concert parties (including valid acceptances of the Offer) amounted to an aggregate of 16,558,048 Shares, representing approximately 55.37% of the total number of issued Shares.

Accordingly, the Offer has become and has been declared unconditional in all respects.

## 3.6 Revision of terms of the Offer

The Offeror reserves the right to revise the terms of the Offer in accordance with the Code. As set out Appendix 1 to the Offer Document, 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.

## 3.7 Closing date of the Offer

Details of the duration of the Offer are set out in Appendix 1 to the Offer Document.

## First closing date

The Offer is open for acceptance by Shareholders for at least 28 days from the date of despatch of the Offer Document, unless the Offer is withdrawn with the consent of the SIC. Accordingly, the Offeror has stated that the Offer will close at 5.30 p.m. (Singapore time) on 30 March 2022 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

## Subsequent closing date(s)

In accordance with Rule 22.6 of the Code, as the Offer has become unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which the Offer would otherwise have closed. Accordingly, UOB had on 4 March 2022 announced, for and on behalf of the Offeror, that the closing date is extended from 5.30 p.m. (Singapore time) on 30 March 2022 to 5.30 p.m. (Singapore time) on 13 April 2022, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders may wish to look out for any further announcement(s) that may be made by the Offeror in relation to the final closing date of the Offer.

## 3.8 Further details of the Offer

Further details of the Offer are set out in Appendices 1 and 2 to the Offer Document, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement(s) of the level of acceptances of the Offer; (c) the right of withdrawal of acceptances of the Offer; and (d) the procedures for acceptance of the Offer.

#### 4. SALIENT INFORMATION ON THE OFFEROR AND THE TEO FAMILY GROUP

Details on the Offeror and parties acting or deemed acting in concert with it are set out in Section 5 and Appendix 3 to the Offer Document.

# 4.1 Offeror and the Teo Family Group

The Offeror is a special purpose vehicle incorporated under the laws of Singapore on 20 December 2021 and has an issued and paid-up share capital of S\$4, consisting of 4 Offeror Shares, which are held by members of the Teo Family Group, each holding one Offeror Share.

The Teo Family Group comprises Messrs Teo Teck Leong, Teo Eng Hwee, Teo Eng Shing and Teo Eng Thian. Messrs Teo Eng Hwee, Teo Eng Shing and Teo Eng Thian are siblings and Mr Teo Teck Leong is their uncle. Each of them is also a director of the Offeror.

The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements for the purposes of the Offer and the Irrevocable Undertakings with each member of the Rollover Group.

The Offeror does not hold any Shares in the Company. Each member of the Teo Family Group is a substantial shareholder of the Company, and collectively the Teo Family Group holds, directly and indirectly, 8,677,520 Shares, representing 29.02% of the issued Shares as at the Latest Practicable Date. Mr Teo Teck Leong's interest in the Company are held directly and indirectly through SHK, a company wholly owned by him, as shown in the table below:

		Direct Interest		Deemed Interest		Total	
	Name	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
1.	Offeror	-	-	-	-	-	-
2.	Mr Teo Teck Leong	915,020	3.06	2,375,000	7.94	3,290,020	11.00
3.	Mr Teo Eng Hwee	1,925,000	6.44	-	-	1,925,000	6.44
4.	Mr Teo Eng Shing	1,925,000	6.44	-	-	1,925,000	6.44
5.	Mr Teo Eng Thian	1,537,500	5.14	-	-	1,537,500	5.14
	Total					8,677,520	29.02

#### Note:

(1) Based on 29,905,222 issued Shares as at the Latest Practicable Date.

Mr Teo Teck Leong and Mr Teo Eng Thian are Managing Director and Executive Director of the Company respectively, and each member of the Teo Family Group is also a senior management of the Group, as each of them is a director of Sin Hong Hardware Pte Ltd ("Sin Hong"), a principal subsidiary of the Group.

# 4.2 Irrevocable Undertakings

Each member of the Teo Family Group and SHK, i.e. the Rollover Group, had executed Irrevocable Undertakings in favour of the Offeror to, *inter alia*, accept or (where applicable) procure the acceptance of, the Offer in respect of all Shares held or controlled by each of them, representing 29.02% of the issued Shares. The Irrevocable Undertakings will lapse if the Offer lapses or is withdrawn.

The Offeror has disclosed that save for the Irrevocable Undertakings, it has not received any undertakings from any other party to accept or reject the Offer.

In connection with the Offer and pursuant to the Irrevocable Undertakings, each member of the Rollover Group has agreed to the Rollover Arrangement that (i) each of them will be issued such number of Offeror Shares equal to the number of Rollover Shares tendered by such member of the Rollover Group in acceptance of the Offer; and (ii) the aggregate subscription price for the Offeror Shares to be issued to the Rollover Group will be set off, in full, against the aggregate Offer Price payable by the Offeror to each member of the Rollover Group for accepting the Offer in respect of their respective Rollover Shares.

Upon the Offer becoming unconditional and the issue of the requisite number of Offeror Shares to the Rollover Group pursuant to the Rollover Arrangement, the Offeror will be 100% held by the Rollover Group as follows:

Name	No. of Offeror Shares held as at the Offer Announcement Date	No. of Rollover Shares	No. of Offeror Shares held upon the Offer becoming unconditional	% of Offeror Shares held upon the Offer becoming unconditional
Mr Teo Teck Leong	1	915,020	915,021	10.54
SHK	-	2,375,000	2,375,000	27.37
Mr Teo Teck Leong's total interest	1	3,290,020	3,290,021	37.91
Mr Teo Eng Hwee	1	1,925,000	1,925,001	22.18
Mr Teo Eng Shing	1	1,925,000	1,925,001	22.18
Mr Teo Eng Thian	1	1,537,500	1,537,501	17.72
Total	4	8,677,520	8,677,524	100.00*

<sup>\*</sup> does not add up to 100% due to rounding.

The SIC has confirmed that the Teo Family Group are joint offerors and the Irrevocable Undertakings and Rollover Arrangement will not constitute special deals for the purposes of Rule 10 of the Code and need not be extended to any other Shareholder.

Further details of the Irrevocable Undertakings and Rollover Arrangement are set out in Section 7 of the Offer Document.

## 4.3 Shareholder Loans and third-party financing

Each member of the Teo Family Group had extended an interest-free shareholder loan of \$\$1,250,000 in cash, for an aggregate of \$\$5,000,000, to the Offeror.

In connection with the Offer, the Offeror has obtained financing from UOB and the Offeror has provided certain securities in favour of UOB including *inter alia* a charge on the Rollover Shares and the Offeror Shares to be issued pursuant to the Rollover Arrangement.

# 5. RATIONALE FOR THE OFFER, INTENTIONS FOR THE COMPANY AND LISTING STATUS

# 5.1 Rationale for the Offer and the Offeror's intention for the Company

The full text of the Offeror's rationale for the Offer and intentions for the Company is set out in Section 8 of the Offer Document.

In summary, the Offeror's rationale for the Offer is as follows:

- (a) the Offer provides an opportunity for Shareholders to liquidate and realise their investment in the Shares at a premium above the prevailing market prices which may otherwise not be available given the low trading liquidity of the Shares;
- (b) the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium above the prevailing trading prices of the Shares without incurring brokerage and other trading costs; and
- (c) the Offer is made by the Offeror to increase its shareholding in the Company to more than 50% so as to allow it to acquire statutory control of the Company which will enable the Offeror and the Teo Family Group to better control or influence the business and future plans of the Group.

Other than in the normal course of business, the Offeror does not intend to (i) make major changes to the business of the Company or its management team; (ii) re-deploy the fixed assets of the Company; or (iii) discontinue the employment of the employees of the Group. Nonetheless, the Offeror retains and reserves the right and flexibility at any time and from time to time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the interests of the Company.

## 5.2 Listing Status of the Company

Pursuant to Rule 1105 of the listing manual of the SGX-ST ("**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that under such a scenario, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding any Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

The Offeror has stated that in the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

# 5.3 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act 1967 of Singapore ("Companies Act"), in the event that 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 Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer ("Dissenting Shareholders"), on the same terms as those offered under the Offer i.e. at a price equal to the Offer Price.

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

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

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

General information on the Company and the Group is set out in Appendix II to the Circular.

## 6.1 Overview

The Company was incorporated in Singapore on 16 December 1989 and listed on the Main Board of the SGX-ST on 13 October 1999 as Eastgate Technology Ltd. The Company underwent a corporate restructuring exercise in 2009 which saw the Company divesting most of its loss-making subsidiaries. On 30 October 2015, the Company's name was changed from "Eastgate Technology Ltd" to "Shinvest Holding Ltd.".

The Company returned to profitability in 2010 after the acquisition of Sin Hong. As disclosed in the Company's latest annual report for the financial year ended 31 August 2021 ("FY2021"), Sin Hong, a wholly-owned subsidiary of the Group, provides a wide range of industrial fasteners and is a specialist in standard, non-standard and customised fasteners. It serves both the domestic market and international market, including the United States of America ("US"), Europe, Malaysia and Indonesia.

In March 2014, the Company invested in a 10% equity interest in the Espressif group of companies which included Espressif Systems (Shanghai) Pte Ltd. Over the years, the Espressif group had embarked on a series of restructuring and fund raising exercises. On 22 July 2019, Espressif Systems (Shanghai) Co., Ltd. ("Espressif Shanghai") was listed ("IPO") on the Shanghai Stock Exchange Science Technology and Technology innovation Board ("SSE STAR Market"). As a consequence of these changes, the Company had a direct holding of 4,800,000 shares in Espressif Shanghai ("Espressif Shares"), representing 6% equity interest in Espressif Shanghai after its IPO. Espressif Shanghai is a fabless semiconductor design group, specializing in wireless connectivity chipsets and software solutions for tablets, TV boxes, Internet of Things, as well as wearable electronics applications. The Company's investment in Espressif Shanghai is recorded at fair value with changes in fair value recognised in profit or loss ("FVTPL").

On 15 October 2020, the Company obtained Shareholders' approval at an extraordinary general meeting ("**EGM**") for a mandate to enable the Company to dispose, in whole or in part, the Company's holding of the 4,800,000 Espressif Shares ("**2020 Disposal Mandate**"). The 2020 Disposal Mandate had expired at the annual general meeting of the Company on 30 December 2021. The Company had obtained a fresh disposal mandate at the EGM on 30 December 2021 on terms set out in the circular to Shareholders dated 15 December 2021 ("**2021 Disposal Mandate**").

Following the 2020 Disposal Mandate, the Company had disposed of some of its equity interest in Espressif Shanghai following the IPO. As at the end of FY2021, the Company held in total 3,441,595 Espressif Shares, representing 4.3% equity interest in Espressif Shanghai. Following

further disposal of the Espressif Shares post FY2021 and up to the Latest Practicable Date, the Company held 2,804,446 Espressif Shares as at the Latest Practicable Date, representing 3.5% equity interest in Espressif Shanghai. Based on the closing price of the Espressif Shares of RMB168.97 on the Latest Practicable Date, the market value of the Espressif Shares held by the Company was RMB473.9 million (equivalent to S\$101.9 million based on the exchange rate of S\$1:RMB4.65 on the Latest Practicable Date).

As at the Latest Practicable Date, the Company has 29,905,222 issued Shares. The Company does not hold any treasury shares and has no outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company.

Based on the Offer Price of S\$3.50, the implied market capitalisation of the Company is approximately S\$104.7 million.

#### 6.2 Directors

As at the Latest Practicable Date, the Directors are as follows:

- (i) Mr Loh Suan Len, Non-Executive Chairman and Independent Director;
- (ii) Mr Teo Teck Leong, Managing Director; and
- (iii) Mr Teo Eng Thian, Executive Director.

Mr Teo Teck Leong and Mr Teo Eng Thian are shareholders and directors of the Offeror. In view of their irreconcilable conflicts of interest in the Offer, the SIC had confirmed that they are exempted from the requirements to make a recommendation to Shareholders on the Offer.

Accordingly, Mr Loh Suan Len is the sole remaining Director who is deemed an Independent Director in respect of the Offer.

As at the Latest Practicable Date, the Directors' shareholding interests in the Company are as follows:

Directors	Direct and deemed interests (No. of Shares)	% shareholding interest in the Company <sup>(1)</sup>		
Mr Loh Suan Len	728,775	2.44		
Mr Teo Teck Leong	3,290,020	11.00		
Mr Teo Eng Thian	1,537,500	5.14		

#### Note:

(1) Based on 29,905,222 issued Shares as at the Latest Practicable Date.

As set out in Sections 4.1 and 4.2 of this Letter, Mr Teo Teck Leong and Mr Teo Eng Thian are joint offerors and members of the Rollover Group, and they have each executed Irrevocable Undertakings to accept the Offer in respect of the Offer Shares held or controlled by each of them.

The intention of the Independent Director, Mr Loh Suan Len, in relation to his holding of the Offer Shares with respect to the Offer is set out in paragraph 5.9 of Appendix II to the Circular.

# 6.3 Financial information of the Group

As at the Latest Practicable Date, the Group's latest available financial information is in respect of FY2021.

On 1 March 2022, the Company issued a profit warning in relation to its half year results ended 28 February 2022 ("**HY2022**"), that the Group is expected to report a significant loss for HY2022 compared to FY2021 due mainly to the fair value loss in the Company's holding of the Espressif Shares, and that the Company will be releasing its HY2022 results announcement on or before 13 April 2022.

We have addressed the fair value loss on the Company's holding of the Espressif Shares as at the Latest Practicable Date in Section 6.3.4 of this Letter.

#### 6.3.1 Financial performance of the Group

Set out below is a summary of the financial performance of the Group for the last 3 financial years ended 31 August, namely FY2019, FY2020 and FY2021:

	4	- Audited -	<b></b>
S\$'000	FY2019	FY2020	FY2021
Revenue	15,401	12,569	14,117
Gross profit	5,282	4,498	4,875
Fair value gain on financial assets at FVTPL	89,899	42,432	43,192
Profit before income tax	83,794	38,736	38,604
Profit attributable to:			
- Owners of the parent	72,781	34,652	34,718
- Non-controlling interests	101	-	-

Source: Company's annual reports for FY2020 and FY2021

#### FY2020 vs FY2019

Revenue from the Group decreased by S\$2.8 million (or 18.4%) from S\$15.4 million in FY2019 to S\$12.6 million in FY2020 due mainly to the challenges arising from the trade war between US and China which resulted in sluggish global growth and further compounded by the outbreak of the COVID-19 pandemic. Revenue contribution was mainly from the Group's fastener business.

Gross profit slid by 14.8% from S\$5.3 million in FY2019 to S\$4.5 million in FY2020, but gross profit margin improved by 1.5 percentage points to 35.8% in FY2020.

Fair value gains from the investment in Espressif Shares had contributed significantly to earnings in FY2019 and FY2020 as the market price of the Espressif Shares had risen significantly. The closing prices of the Espressif Shares on 31 August 2019 and 31 August 2020 were RMB134.20 and RMB174.50 respectively compared to the IPO price of RMB62.60. As a result, profit before income tax for FY2019 and FY2020 were S\$83.8 million and S\$38.7 million respectively. However, excluding the above fair value gains, the Group would have recorded pre-tax losses of S\$6.1 million in FY2019 and S\$3.7 million in FY2020.

As at 31 August 2019 and 31 August 2020, the Company had 4,800,000 Espressif Shares.

#### FY2021 vs FY2020

Revenue improved by S\$1.5 million (12.3%) from S\$12.6 million in FY2020 to S\$14.1 million in FY2021 due mainly to the gradual opening up of borders during FY2021.

Gross profit improved by 8.4% from S\$4.5 million in FY2020 to S\$4.9 million in FY2021, whilst gross profit margin fell slightly by 1.3% to 34.5% in FY2021.

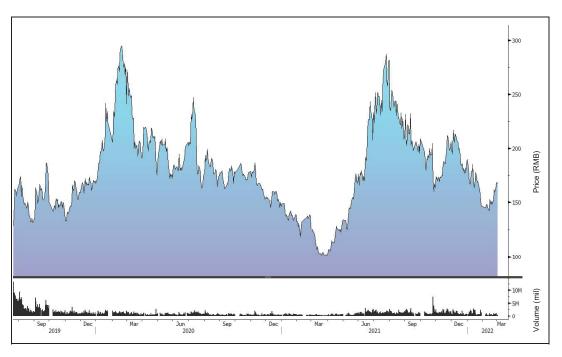
Fair value gain from the investment in Espressif Shares contributed significantly to earnings of the Group, as the market price of the Espressif Shares had continued to rise. The closing price of the Espressif Shares was RMB212.45 on 31 August 2021. As a result, profit before income tax was \$\$38.6 million in FY2021. Similar to prior years, if fair value gain from the investment in Espressif Shares was excluded, the Group would have incurred a pre-tax loss of \$\$4.6 million in FY2021.

As at 31 August 2021, the Company held 3,441,595 Espressif Shares after disposing of 1,358,405 Espressif Shares during FY2021.

Post 31 August 2021 and up to the Latest Practicable Date, the Company had further disposed of 637,149 Espressif Shares, and held 2,804,446 remaining Espressif Shares as at the Latest Practicable Date. The closing prices of the Espressif Shares had declined from RMB212.45 on 31 August 2021 to RMB168.97 on the Latest Practicable Date.

As an illustration, the price chart and trading volume of the Espressif Shares since its IPO to the Latest Practicable Date are shown below:

# Price movement and trading volume of the Espressif Shares on the SSE STAR Market since IPO to the Latest Practicable Date



Source: Bloomberg L.P.

Based on the closing price of the Espressif Shares of RMB168.97 and the outstanding 80.16 million Espressif Shares on the Latest Practicable Date, the market capitalisation of Espressif Shanghai is approximately RMB13.5 billion (equivalent to S\$2.9 billion based on the foreign exchange rate of S\$1: RMB4.65 on the Latest Practicable Date). (Source: Bloomberg L.P.)

Shareholders can refer to Espressif Shanghai's website (<a href="http://www.espressif.com">http://www.espressif.com</a>) for more information on Espressif Shanghai.

#### 6.3.2 Financial position of the Group

The latest statement of financial position of the Group as at 31 August 2021 is set out below:

S\$'000	Audited as at 31 August 2021
Non-current assets	
Property, plant and equipment	1,096
Right-of-use assets	5,296
ntangible assets	1,647
nvestment property	615
nvestment in a joint venture	149
Financial assets at FVTPL	152,083
	160,886
Current assets	
nventories	13,373
Trade and other receivables	3,224
Prepayments	67
Current income tax recoverable	225
Cash and bank balances	28,535
Casil allu balik balarices	45,424
	45,424
Total assets	206,310
Current liabilities	
Trade and other payables	3,574
nterest bearing liabilities	980
Lease liabilities	155
	4,709
Non-current liabilities	
Other payables	6,857
nterest bearing liabilities	2,818
_ease liabilities	1,250
Deferred tax liabilities	14,330
	25,255
Total liabilities	29,964
Equity	
Share capital	26,700
Retained earnings	149,646
, and the second	176,346

Source: The Company's annual report for FY2021

As at 31 August 2021:	
Net asset value ("NAV") of the Group	S\$176,346,000
Net tangible assets ("NTA") of the Group	S\$174,699,000
Number of issued Shares	29,905,222
NAV per Share	S\$5.90
NTA per Share	S\$5.84

# Assets

As at 31 August 2021, the Group had total assets of S\$206.3 million comprising the following main items:

- (i) the Espressif Shares which are recorded under non-current assets as financial assets at FVTPL of S\$152.1 million (representing 73.7% of total assets);
- (ii) cash and bank balances of S\$28.5 million (representing 13.8% of total assets); and

- (iii) the Group's properties ("**Properties**") amounting to S\$6.0 million, which comprise the following:
  - a freehold shop unit located at No. 11 Syed Alwi Road #01-06 Teck Heng Long Industrial Building, Singapore 207629 on a site area of 108 square metres ("sq m") ("Shop unit at Syed Alwi"). This property is recorded under property, plant and equipment ("PPE") with a net book value of \$\$676,000 as at 31 August 2021;
  - a 60-year leasehold strata factory unit commencing 9 October 2000 and located at 8B Admiralty Street #01-09, Singapore 757440 on a site area of 325 sq m ("Factory unit at Admiralty Street"). This property is recorded under right-of-use assets with a carrying value of S\$1.25 million as at 31 August 2021; and
  - a 24-year leasehold detached factory with temporary secondary workers' dormitory commencing 1 July 2013 and located at No. 3 Kian Teck Crescent, Singapore 628881 on a site area of 5,546.13 sq m ("Factory at Kian Teck Crescent"). The portion of the factory excluding the temporary workers' dormitory has a site area of 4,848.84 sq m and is recorded under right-of-use assets with a carrying amount of S\$3.48 million as at 31 August 2021. The portion of the factory which relates to the temporary workers' dormitory has a site area of 697.29 sq m and is recorded as investment property with a carrying amount of S\$615,000 as at 31 August 2021.

For the purposes of the Offer, the Company had commissioned RHT Valuation Pte. Ltd. as the Valuer to carry out an independent valuation of the Properties as at 28 February 2022. Details of the independent valuation of the Properties are set out below in Section 6.3.3 of this Letter.

#### Liabilities

As at 31 August 2021, the Group had total liabilities of S\$30.0 million comprising the following main items:

- (a) interest bearing liabilities amounting to S\$3.8 million (representing 12.7% of total liabilities) which are secured bank loans, secured by legal mortgages over the Group's Properties; and
- (b) deferred tax liabilities of S\$14.3 million (representing 47.8% of total liabilities) which are mainly attributable to the fair value gains on the Espressif Shares at FVTPL.

The net cash balance of the Group after deducting interest bearing liabilities of S\$3.8 million would be S\$24.7 million as at 31 August 2021.

# NTA

Accordingly, the Group had NAV of S\$176.3 million as at 31 August 2021, representing NAV per Share of S\$5.90. After deducting intangible assets of S\$1.6 million, the Group's NTA is S\$174.7 million, representing NTA per Share of S\$5.84.

There is no change in the number of issued Shares since 31 August 2021 and up to the Latest Practicable Date.

#### 6.3.3 Independent valuation of the Properties

In connection with the Offer, the Company had commissioned the Valuer to carry out an independent valuation of the Properties, namely Shop unit at Syed Alwi, Factory unit at

Admiralty Street and Factory at Kian Teck Crescent as at 28 February 2022. Copies of each of the valuation certificates dated 28 February 2022 are attached as Appendix VI to the Circular.

Salient information on the independent valuation of the Properties is set out below.

#### Definition of Market Value

The Valuer had determined the valuation of each of the Properties based on "Market Value" defined as follows:

"The term "Market Value" is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming: -

- a) a willing seller, willing buyer;
- b) a reasonable period within which to negotiate the sale, taking into consideration the nature of the property and state of the market;
- c) the property will be freely exposed to the market for a reasonable period of time; and
- d) no account is to be taken of an additional bid by a special purchaser."

#### Method of valuation

The Valuer had valued each of the Properties in their existing continued use by the Comparable Sales Method. In this method, a comparison is made with sales of similar properties in the vicinity and adjustments are made where applicable for differences in, *inter alia*, location, land area, land shape, floor area, floor level, floor loading, ceiling height, shop frontage, age, condition, tenure, design and layout, dates of transaction and the prevailing market conditions, etc., before arriving at the value of each of the subject property.

Following the valuation of each of the Properties, and based on the respective net book value ("**NBV**") of the Properties as at 31 August 2021, Management had determined the revaluation surplus or deficit of each of the Properties as follows:

	Properties	NBV as at 31 August 2021 (S\$'000)	Market value as at 28 February 2022 (S\$'000)	Revaluation surplus/(deficit) (S\$'000)
1.	Shop unit at Syed Alwi	676	1,400	724
2.	Factory unit at Admiralty Street	1,250	1,100	(150)
3.	Factory at Kian Teck Crescent	4,095	7,700	3,605
	Total	6,020 <sup>(1)</sup>	10,200	4,180 <sup>(1)</sup>

Source: Valuation certificates of the Properties and Management

#### Note:

(1) Does not add up due to rounding.

Management does not expect any potential tax liability on the net revaluation surplus arising from the independent valuation of the Properties in a hypothetical scenario where the Properties are sold at the market values as there is no capital gains tax in Singapore. In addition, the Properties are for the Group's own use and are not intended for sale.

# 6.3.4 Adjusted RNTA of the Group

Post FY2021, the Company had, from 19 October to 24 November 2021, disposed of, in total, 637,149 Espressif Shares at a net loss of S\$2.0 million and realised net cash proceeds of S\$22.25 million. There was no disposal of Espressif Shares since then to the Latest Practicable Date. In addition, the Company had paid final dividend of S\$0.03 for each Share in January

2022. The NTA of the Group as at 31 August 2021 would have to be adjusted to take into account the above disposals and dividend payment.

The market value of the remaining 2,804,446 Espressif Shares had declined significantly since 31 August 2021 to the Latest Practicable Date as a result of a decline in the market price of the Espressif Shares. It is therefore necessary to take into consideration the mark-to-market valuation of the Espressif Shares as well as the net revaluation surplus arising from the independent valuation of the Properties as set out in Section 6.3.3 above to arrive at the adjusted revalued NTA ("Adjusted RNTA") of the Group.

The estimated Adjusted RNTA of the Group as at 31 August 2021 is computed as follows:

Estimated Adjusted RNTA of the Group	S\$'000	per Share <sup>(2)</sup> (S\$)
Audited NTA of the Group as at 31 August 2021	174,699	5.84
Less: net loss on disposal of 637,149 Espressif Shares post 31 August 2021 and up to the Latest Practicable Date	(2,040)	(0.07)
Less: payment of final dividend in respect of FY2021	(897)	(0.03)
Less: fair value loss of the remaining 2,804,446 Espressif Shares as at the Latest Practicable Date, net of any potential tax liabilities and expenses <sup>(1)</sup>	(18,485)	(0.62)
Add: net revaluation surplus arising from the independent valuation of the Properties	4,180	0.14
Estimated Adjusted RNTA of the Group as at 31 August 2021	157,457	5.27 <sup>(3)</sup>

Source: Management

#### Notes:

- (1) Management had estimated the fair value loss on the Espressif Shares based on the mark-to-market valuation of the Espressif Shares which was referenced to the closing price of the Espressif Shares of RMB168.97 on the Latest Practicable Date as compared to the closing price of RMB212.45 per Espressif Shares on 31 August 2021, and after taking into consideration adjustments to deferred tax liabilities, value added tax and expenses estimated to be \$\$3.6 million, in a hypothetical scenario where these Espressif Shares were sold at their closing price on the Latest Practicable Date;
- (2) Based on 29,905,222 issued Shares as at the Latest Practicable Date; and
- (3) Does not add up due to rounding.

#### Ex-cash Adjusted RNTA of the Group ("Ex-Cash RNTA")

Overall, the Group has 3 main categories of assets, namely (a) net cash balance; (b) holding in the Espressif Shares; and (c) remaining NTA. Management has provided the key computations, as elaborated below:

- the net cash balance of the Group is estimated to be \$\$46.1 million based on the cash balance of \$\$28.5 million less interest-bearing liabilities of \$\$3.8 million as at 31 August 2021, and after taking into consideration the net cash proceeds of \$\$22.25 million from the disposal of 637,149 Espressif Shares post FY2021 and up to the Latest Practicable Date, and payment of final dividend of approximately \$\$897,000 in respect of FY2021;
- the mark-to-market valuation of 2,804,446 Espressif Shares based on the closing price
  of the Espressif Shares of RMB168.97 at the foreign exchange rate of S\$1 : RMB4.65
  on the Latest Practicable Date, less estimated deferred taxes, value added tax and
  expenses, which is estimated at S\$88.4 million; and

 the remaining NTA of the Group is valued at approximately S\$23.0 million after taking into consideration the net revaluation surplus arising from the independent valuation of the Properties.

Estimated Adjusted RNTA of the Group	S\$'000	per Share (S\$)
Net cash balance of the Group	46,053	1.54
Ex-Cash RNTA of the Group comprising:	111,404	3.73
(a) Espressif Shares	88,430	2.96
(b) Remaining NTA	22,974	0.77
Estimated Adjusted RNTA of the Group as at 31 August 2021	157,457	5.27

Source: Management

As shown in the table above, the estimated Adjusted RNTA of the Group as at 31 August 2021 is \$\$5.27 per Share. The Offer Price of \$\$3.50 therefore represents price-to-Adjusted RNTA ("P/RNTA") ratio of 0.66 times.

After taking into consideration the net cash balance of the Group of S\$1.54 per Share, the Ex-Cash RNTA of the Group as at 31 August 2021 is S\$3.73 per Share and the ex-cash Offer Price would be S\$1.96. The Ex-Cash Offer Price-to-Ex-Cash RNTA ("P/RNTA (ex-cash basis)") ratio would be 0.53 times, on the premise that net cash is valued at its face value.

## 6.3.5 Confirmation by the Company

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other tangible asset which should be valued at an amount that is materially different from that which was recorded in the latest audited statement of financial position of the Group as at 31 August 2021, and whether there are any factors which have not otherwise been disclosed in the financial statements of the Group that are likely to impact the NTA of the Group as at 31 August 2021.

In respect of the above and save as disclosed in Section 6.3.4 above and/or announced by the Company, the Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable value of the Group's assets and their respective book values as at 31 August 2021 which would have a material impact on the NTA of the Group:
- (b) other than that already provided for or disclosed in the Group's financial statements as at 31 August 2021, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (c) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Group taken as a whole as at 31 August 2021;
- (d) there are no intangible assets which ought to be disclosed in the audited statement of financial position of the Group as at 31 August 2021 in accordance with Singapore Financial Reporting Standards (International) and which have not been so disclosed and where such intangible assets would have a material impact on the overall financial position of the Group as at 31 August 2021; and

(e) there are no material acquisitions and disposals of assets by the Group between 31 August 2021 and the Latest Practicable Date, and save for the 2021 Disposal Mandate, the Group does not have any immediate plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

#### 7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In evaluating and assessing the financial terms of the Offer, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

- (a) rationale for the Offer and the Offeror's intention on the listing status of the Company;
- (b) market quotation and trading activity of the Shares;
- (c) financial analysis of the Group;
- (d) comparison with recently completed privatisation of selected SGX-ST listed companies;
- (e) comparison of valuation statistics of selected listed companies which are broadly comparable with the Group's core business;
- (f) share price performance compared to the reported NTA of the Group;
- (g) estimated value range of the Shares;
- (h) dividend track record of the Company; and
- (i) other relevant considerations in relation to the Offer.

# 7.1 Rationale for the Offer and the Offeror's intention on the listing status of the Company

As set out in Section 5 of this Letter, one of the rationale for the Offer is to enable the Offeror to acquire statutory control of the Company if the Offer becomes unconditional in all respects.

In addition, if as a result of the Offer, the Company could not maintain the minimum public float of 10% held by at least 500 public shareholders, the Offeror does not intend to undertake or support any action to comply with the minimum public float requirements under the Listing Manual. Further, in the event that the requirements under Section 215(1) of the Companies Act are met, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

As disclosed in Sections 1.3 and 3.5 of this Letter, on 4 March 2022, shortly after the Latest Practicable Date, the Offer has become and has been declared to be unconditional in all respects.

#### 7.2 Market quotation and trading activity of the Shares

Trading in the Shares was halted on 16 February 2022 during which the Offer Announcement was made.

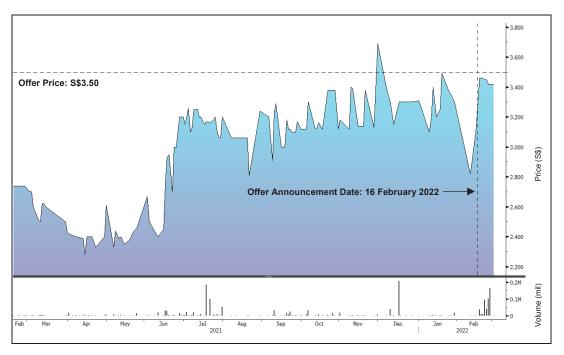
For the purpose of our analysis of the trading performance of the Shares in respect of the Offer, we have compared the Offer Price against the historical market price performance of the Shares

for the 1-year period ("1-Year Period") prior to the Offer Announcement Date from 16 February 2021 to 15 February 2022 ("Last Trading Day"), being the last trading day prior to the Offer Announcement, and up to the Latest Practicable Date ("Period Under Review").

#### **Share Price Chart**

We set out below a chart showing the Offer Price relative to the daily closing prices, and trading volume of the Shares for the Period Under Review:

# Price movement and trading volume of the Shares on the SGX-ST for the Period Under Review



Source: Bloomberg L.P.

# Prior to the Offer Announcement Date

Based on the daily closing prices of the Shares during the 1-Year Period, the Shares had traded between a low of S\$2.28 on 14 April 2021 and a high of S\$3.69 on 30 November 2021. The Offer Price represents a premium of 53.5% above the low of S\$2.28 on 14 April 2021 and a discount of 5.1% to the high of S\$3.69 on 30 November 2021.

Overall, the market Share prices had increased significantly since June 2021 and had traded mostly above S\$3.00 but below the Offer Price of S\$3.50.

The Offer Price represents 12.9% premium above the closing Share price of S\$3.10 on the Last Trading Day.

Trading liquidity on the Shares is, however, very low as there were many trading days when no trades were done on the Shares. The Shares were traded on 126 days out of 253 trading days during this period. In addition, daily traded volume on the Shares was low when trades were done on the trading day. During this period, there were only 4 trading days, that is, on 19, 21 and 30 July 2021, and 16 December 2021 when volume traded in a day was above 50,000 Shares.

#### Post the Offer Announcement Date

Since the Offer Announcement Date and up to the Latest Practicable Date, the Shares have mostly traded close to but below the Offer Price. No trades were done on the Shares on the Latest Practicable Date. The last transacted Share price was at S\$3.42 on 1 March 2022. The Share price appeared to be supported by the Offer Price.

#### **Market Statistics**

In addition to the Share price chart above, we have tabulated below selected statistical information on the price performance and trading liquidity of the Shares for the Period Under Review:

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP <sup>(1)</sup> (S\$)	Premium of Offer Price over VWAP (%)	Number of traded days <sup>(2)</sup>	Average daily trading volume <sup>(3)</sup> (no. of Shares)	Average daily trading volume as a percentage of free float <sup>(4)</sup> (%)
Prior to the Offer Announcem	ent Date						
Last 1 year	3.69	2.21	3.063	14.3	126	4,666	0.029
Last 6 months	3.69	2.81	3.179	10.1	56	3,926	0.025
Last 3 months	3.69	2.82	3.175	10.2	24	4,691	0.030
Last 1 month	3.49	2.82	3.226	8.5	7	1,520	0.010
15 February 2022 (being the Last Trading Day)	3.10	3.08	3.081	13.6	1	2,000	0.013
After the Offer Announcement	t Date and up	to the Lates	t Practicable	Date Date			
From 16 February 2022 to the Latest Practicable Date	3.50	3.40	3.437	1.8	8	41,882	0.264
1 March 2022 <sup>(5)</sup>	3.45	3.42	3.429	2.1	1	2,700	0.017

Source: Bloomberg L.P.

#### Notes:

- (1) The volume-weighted average price ("VWAP") for the respective periods are calculated based on the aggregate daily turnover value of the Shares divided by the aggregate daily trading volume of the Shares for the respective periods as extracted from Bloomberg L.P.. Off market transactions (i.e. married deals) are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halt on the Shares) during that period;
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 15.8 million Shares based on the free float of 53% as disclosed in the annual report of the Company for FY2021; and
- (5) The Shares were last transacted on 1 March 2022 as there were no trades done on the Shares on the Latest Practicable Date.

We observe the following with regard to the price performance of the Shares for the Period Under Review:

- (a) the Offer Price represents a premium of 14.3%, 10.1%, 10.2% and 8.5% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods up to the Last Trading Day respectively;
- (b) the Offer Price represents a premium of 13.6% above the VWAP of the Shares of S\$3.081 on the Last Trading Day; and
- (c) post the Offer Announcement Date and up to the Latest Practicable Date, the Shares have mostly traded close to but below the Offer Price and appeared to be supported by the Offer Price. The Shares were last transacted at S\$3.42 on 1 March 2022. The Offer Price represents a slight premium of 2.3% above the last done price on 1 March 2022.

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

- (i) trading liquidity on the Shares was very low with average daily trading volume on the Shares for the 1-year, 6-month, 3-month and 1-month periods up to the Last Trading Day representing 0.029%, 0.025%, 0.030% and 0.010% of the free float of the Shares respectively; and
- (ii) following the Offer Announcement Date and up to the Latest Practicable Date, daily trading volume on the Shares had increased to some extent. We note from public announcements that none of these Shares traded were acquired by the Offeror.

# 7.3 Financial analysis of the Group

For the purposes of evaluating the Offer, we have also considered the valuation of the Company implied by the Offer Price vis-a-vis the historical financial information of the Group in terms of the earnings approach and net asset backing approach.

#### Price-earnings ratio ("PER")

PER is a commonly used earnings approach which illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

As set out in Section 6.3.1 of this Letter, the Group would have recorded pre-tax losses attributable to its main fastener business if fair value gains from its holding of the Espressif Shares were excluded. As the investment in Espressif Shanghai is not a core business activity of the Group but the mark-to-market valuation of the Espressif Shares had a significant impact on the earnings of the Group, we are of the opinion that an earnings based approach may not be appropriate in assessing the valuation of the Group implied by the Offer Price.

# Price-to-NTA ("P/NTA") ratio

P/NTA ratio is a commonly used net asset backing approach which shows the extent to which the shares of a company are backed by its net tangible assets.

The NTA based valuation approach provides an estimate of the value of a company assuming the hypothetical sale of all its tangible assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where

the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

Following our analysis of the financial information of the Group in Section 6.3 of this Letter, we note that the Group's NTA comprises 3 main categories of assets, namely (a) net cash balance, (b) holding in the Espressif Shares and (c) remaining NTA. In view of the above, we are of the view that it is appropriate to evaluate the Offer Price using the P/NTA ratio.

Further as set out in Section 6.3.4 of this Letter, we have estimated the Adjusted RNTA per Share as at 31 August 2021 to be S\$5.27 per Share comprising:

As at 31 August 2021	Adjusted RNTA (S\$'000)	Adjusted RNTA per Share (S\$)	Proportion (%)
Net cash balance	46,053	1.54	29.2
Ex-Cash RNTA			
Holding in Espressif Shares	88,430	2.96	56.2
Remaining NTA	22,974	0.77	14.6
Total	157,457	5.27	100.0

The Offer Price of S\$3.50 therefore represents:

- (a) P/RNTA ratio of 0.66 times; and
- (b) P/RNTA (ex-cash basis) of 0.53 times, on the premise that net cash is valued at its face value.

# 7.4 Comparison with recently completed privatisation of selected SGX-ST listed companies

We note that the intention of the Offeror is to acquire statutory control of the Company and if requirements are met, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer, and then proceed to delist the Company from the SGX-ST. In addition, the Group is considered as asset heavy as its NTA comprises mainly cash and holding of a 3.5% equity interest in Espressif Shanghai as set out in Section 6.3 of this Letter.

Therefore, in our assessment of the Offer Price, we have compared the valuation of the Company implied by the Offer Price with those of selected privatisation exercises (with cash offer) of SGX-ST listed companies that are asset heavy, that were announced since January 2021 and completed prior to and up to the Latest Practicable Date. Such privatisation exercises include those that were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or general takeover offers under the Code where the offerors have expressed their intention to delist their respective listed companies from the SGX-ST ("Precedent Privatisation Transactions").

In total, there are 6 of such Precedent 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, and the comparison sets out:

(a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of these Precedent Privatisation Transactions; and

(b) the premium or discount represented by each of the respective offer prices to the NAV, NTA, RNAV or RNTA (as the case may be) of the respective target companies.

For the purposes of our analysis of the Precedent Privatisation Transactions, we have also included the respective opinions of the IFAs, on whether or not the offers were fair and reasonable, and their recommendations to accept or reject the offers.

We wish to highlight that the target companies listed in the Precedent Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular offer varies in different specific circumstances depending on, inter alia, factors such as the intention of the offeror, the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Dramium of offer price over

			Premiu	m of offer price	over		
Name of target company	Date of announce- ment	Implied market capitalisa- tion <sup>(1)</sup> (S\$'million)	Last transacted price prior to announce- ment (%)	1-month VWAP prior to announce- ment (%)	3-month VWAP prior to announce- ment (%)	Price/ RNAV (times)	IFA recommendation
GL Limited ("GL")	15 Jan 2021	1,039.8	42.9	46.6	52.4	0.64 <sup>(2)</sup>	Accept – Not Fair, but Reasonable
Singapore Reinsurance Corporation Limited ("SingRe")	19 Mar 2021	210.8	17.8	20.6	20.8	0.79 <sup>(3)</sup>	Accept – Not Fair, but Reasonable
Top Global Limited (" <b>TGL</b> ")	30 Apr 2021	125.3	122.9	133.6	146.8	0.32 <sup>(4)</sup>	Accept – Not Fair, but Reasonable
Fragrance Group Limited ("FGL")	9 Jul 2021	926.5	16.9	19.0	19.0	0.70 <sup>(5)</sup>	Accept – Not Fair, but Reasonable
Singhaiyi Group Ltd (" <b>SHY</b> ")	9 Nov 2021	492.8	8.3	7.1	10.7	0.60 <sup>(6)</sup>	Accept – Not Fair, but Reasonable
Roxy-Pacific Holdings Limited ("Roxy")	20 Sep 2021	632.4	19.8	21.0	23.5	0.64 <sup>(7)</sup>	Accept – Not Fair, but Reasonable
High			122.9	133.6	146.8	0.79	
Low			8.3	7.1	10.7	0.32	
Mean			38.1	41.3	45.5	0.62	
Median			18.8	20.8	22.2	0.64	
Company (implied by the Offer Price)	16 Feb 2022	104.7	12.9	8.5	9.7	0.66 (based o	n P/RNTA)

Precedent Privatisation Transactions – taking into consideration SingRe's P/NAV (ex-cash basis) of 0.50 times <sup>(3)</sup>	Price/RNAV (times)
Mean (ex-cash)	0.57
Median (ex-cash)	0.62
Company (implied by the Offer Price)	0.53 (based on P/RNTA (ex-cash basis))

Source: SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation Transactions

#### Notes:

- Calculated by multiplying the respective offer prices with the number of issued shares of the respective target companies;
- (2) The sum-of-the-parts value per share of GL Limited as at 31 December 2021 was estimated by the IFA to be in the range of S\$1.17 and S\$1.35, implying a P/RNAV ratio of between 0.593 and 0.684 times based on the final offer price of S\$0.80 per share. For the purposes of our analysis of the Offer, we have used the average of the above range of P/RNAV ratio of 0.64 times;
- (3) P/NAV of 0.79 times is based on NAV per share of SingRe as at 31 December 2020 and P/NAV (ex-cash basis) of 0.5 times is based on ex-cash NAV per share of SingRe as at 31 December 2020;
- (4) Based on the RNAV per share of TGL as at 31 December 2020;
- (5) Based on the RNAV per Share of FGL as at 30 June 2021;
- (6) Based on the RNAV per share of SHY as at 30 September 2021; and
- (7) Based on the RNAV per Share of Roxy as at 30 June 2021.

Based on the above, we note that:

- (a) the premia implied by the Offer Price over the last transacted price and VWAPs over the 1-month and 3-month periods prior to the Last Trading Day are within but closer to the lower end of the range, and hence significantly below the mean and median of the corresponding premia of the Precedent Privatisation Transactions;
- (b) the P/RNTA ratio of the Group of 0.66 times implied by the Offer Price is within the range and slightly above the mean and median P/RNAV ratios of the Precedent Privatisation Transactions;
- (c) we note that the IFA in the takeover offer for SingRe had computed the discount of the offer price to ex-cash NAV of SingRe which is equivalent to P/NAV (ex-cash basis) ratio of 0.50 times. Taking this into consideration, the mean and median P/RNAV ratios of the Precedent Privatisation Transactions would be 0.57 and 0.62 times respectively. In comparison, the P/RNTA (ex-cash basis) ratio of the Group is 0.53 times, which is below the mean and median P/RNAV ratios of the Precedent Privatisation Transactions of 0.57 and 0.62 times respectively as set out above; and
- (d) in the Precedent Privatisation Transactions, the IFAs had opined that the offers were not fair but reasonable. In 5 of the 6 Precedent Privatisation Transactions, the offerors and their concert parties had secured respective shareholding interests in the target companies of close to or exceeding 90%. Among the 6 Precedent Privatisation Transactions, 4 of them did not disclose the estimated range of values in respect of the offers, one had provided a fair value price range equivalent to P/RNAV ratio of 1 time and another had provided a fair value price range of P/RNAV ratios of between 0.75 times and 0.80 times.

# 7.5 Comparison of valuation statistics of selected listed companies which are broadly comparable with the Group's core business

As elaborated in Section 6.3 of this Letter, the Group is asset heavy with a high proportion of net cash balance and holding of the listed Espressif Shares, and a smaller proportion of remaining net assets which are in relation to its fastener business which is the core business activity of the Group. The Group is an industrial group which operates as one of the largest stockists, distributors and manufacturers of a wide range of industrial fasteners.

We have attempted to assess the valuation statistics of companies listed on the SGX-ST which can be considered as broad proxies to the Group's core business for comparison, i.e. stockist or distributors of industrial products ("Comparable Companies"). For a more meaningful comparison, we have selected Comparable Companies with market capitalisation of less than S\$100 million as at the Offer Announcement Date. There are 6 of such Comparable Companies.

We also had discussions with Management about the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with the Group's core business.

Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the selected Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the selected Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable with the Group's core business in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the selected Comparable Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the selected Comparable Companies, as extracted from Bloomberg L.P. and/or their respective annual reports, is set out below:

Name of Comparable Company	Principal Businesses
AnnAik Limited ("AnnAik")	AnnAik manufactures stainless steel flanges and distributes stainless steel products. It also provides engineering construction services.
Asia Enterprises Holding Limited (" <b>AEH</b> ")	AEH operates as a holding company, and through its subsidiaries, distributes steel shipbuilding plates, beams, bulb flats, channels, bars, pipes and hollow sections.
CosmoSteel Holdings Limited ("CosmoSteel")	CosmoSteel sources and distributes piping system components including pipes, fittings and flanges. CosmoSteel also provides machining services.
HG Metal Manufacturing Limited (" <b>HG Metal</b> ")	HG Metal offers different types of steel products used in various industrial and engineering applications. It also manufactures customized flat steel bars and mild steel lip channels commonly use as roofing support in commercial and industrial building.
Soon Lian Holdings Limited ("Soon Lian")	Soon Lian supplies aluminium alloy products in various specifications focusing on the requirements of customers in the marine and precision engineering industries. It also supplies aluminium alloy products to other aluminium stockists and traders.
Union Steel Holdings Limited (" <b>Union Steel</b> ")	Union Steel recycles ferrous and non-ferrous scrap metals and trades steel products. It also provides waste collection and management, demolition, steel plate rentals and car scrapping.

Source: Bloomberg L.P. and respective annual reports of Comparable Companies

For the purposes of our evaluation and illustration, we have analysed the selected Comparable Companies on a historical basis using the following metrics:

- (a) PER which is commonly used for the purposes of illustrating the valuation of a profitable company as a going concern; and
- (b) P/NTA ratio which illustrates the extent to which the value of the company (based on its trading share price) is backed by its net tangible assets.

For illustration purposes, the statistics of the selected Comparable Companies as at 16 February 2022, being the Offer Announcement Date, are set out in the table below:

Comparable Companies	Last financial year end	Market capitalisation as at 16 February 2022, being the Offer Announcement Date (S\$'million)	PER <sup>(1)</sup> (times)	P/NTA <sup>(2)</sup> (times)
AnnAik	31 Dec 2020	22.1	13.43	0.81
AEH	31 Dec 2020	53.9	34.46	0.59
CosmoSteel	30 Sep 2021	26.1	11.08	0.32
HG Metal	31 Dec 2020	50.9	6.20	0.45
Soon Lian	31 Dec 2020	11.9	3.32	0.36
Union Steel	30 Jun 2021	23.6	2.66	0.40
High			34.46	0.81
Low			2.66	0.32
Mean			11.86	0.49
Median			8.64	0.43

Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Companies

#### Notes:

- (1) The PER ratios of the Comparable Companies are computed based on (a) their respective trailing 12 months profits attributable to owners of the companies as set out in their latest published financial statements and/or annual reports, whichever is applicable, as at the Offer Announcement Date; and (b) their market capitalisations as at the Offer Announcement Date; and
- (2) The P/NTA ratios of the Comparable Companies are computed based on (a) their respective NTA values as set out in their latest published financial statements and/or annual reports, whichever is applicable, as at the Offer Announcement Date; and (b) their market capitalisations as at the Offer Announcement Date.

Based on the above, we note the following:

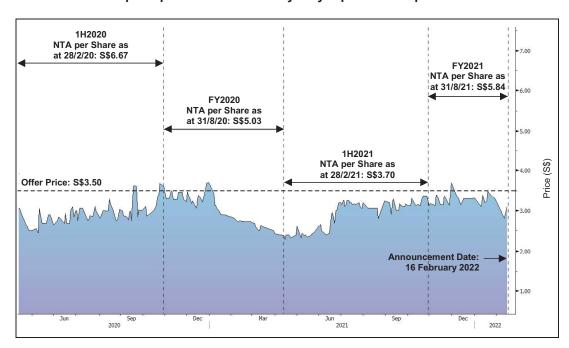
- (a) the Comparable Companies were profitable, and the mean and median PERs of the Comparable Companies were 11.86 times and 8.64 times respectively. In comparison, the Group's core fastener business would have reported pre-tax loss of S\$4.6 million in FY2021 if fair value gain from the investment in Espressif Shares was excluded, as analysed in Section 6.3.1 of this Letter. PER comparison of the Company with the Comparable Companies is therefore not meaningful; and
- (b) notwithstanding that the Comparable Companies were profitable, their shares were trading at significant discounts to their NTAs. The mean and median trading P/NTA ratios of the Comparable Companies were 0.49 times and 0.43 times respectively.

We have utilised the above mean and median trading P/NTA ratios in assessing the valuation of the Group's fastener business as represented by the Group's remaining NTA in Section 7.7 of this Letter.

# 7.6 Share price performance compared to the reported NTA of the Group

We note that the Shares had been trading at a discount to the reported NTA per Share in the last approximately 2 years commencing from the release of the results announcements for the first half year ended 28 February 2020 ("HY2020") on 13 April 2020 and up to the Offer Announcement Date. We have therefore tracked the Share price performance from 13 April 2020 and up to the Offer Announcement Date, and assessed the range of discounts that the Shares had been trading at, compared to the reported NTAs per Share for the relevant periods, as shown in the chart below:

#### Share price performance vs half-yearly reported NTA per Share



Source: Bloomberg L.P. and Company's results announcements and/or annual reports for the relevant periods

	Discount of Share price to reported NTA per Share <sup>(1)</sup>
Maximum discount	63.3%
Minimum discount	8.8%
Average discount <sup>(2)</sup>	39.1%
Based on the Offer Price of S\$3.50	40.1% (based on NTA per Share of S\$5.84 as at 31 August 2021)
	33.6% (based on Adjusted RNTA per Share of S\$5.27 as at 31 August 2021)
Based on ex-cash Offer Price of S\$1.96	47.5% (based on Ex-Cash RNTA per Share of S\$3.73 as at 31 August 2021)

#### Notes:

- (1) Based on daily closing prices of the Shares compared to the prevailing reported NTA per Share; and
- (2) Exclude trading days when there were no trades done on the Shares.

From the above, we note that:

- (a) the Shares had been trading at discounts of between 8.8% and 63.3% to the reported NTA per Share, with an average discount of 39.1%;
- (b) the Offer Price is at a discount of 40.1% to the last reported NTA per Share of S\$5.84 as at 31 August 2021;
- (c) the Offer Price is at discount of 33.6% to the Adjusted RNTA per Share of S\$5.27 as at 31 August 2021; and
- (d) in comparison with point (c) above, the ex-cash Offer Price of S\$1.96 is at a larger discount of 47.5% to the Ex-Cash RNTA per Share of S\$3.73 as at 31 August 2021.

# 7.7 Estimated value range of the Shares

Following from Sections 6.3.4 and 7.3 above, we have concluded that it is more appropriate to estimate the valuation of the Company on the asset based approach as earnings based approach is not appropriate for the Group and the Group is asset heavy comprising (a) net cash balance, (b) holding of the listed Espressif Shares and (c) remaining NTA. We are of the view that the estimated value range of the Shares could be derived from the valuation of the sum-of-parts of the Group's Adjusted RNTA as at 31 August 2021, which we have estimated to be **between S\$4.41 and S\$4.85 per Share**, as follows:

Upper end of the estimated value range of the Shares

- (a) net cash balance at its face value;
- (b) holding of the listed Espressif Shares based on the mark-to-market value of the Shares as at the Latest Practicable Date, after adjusting for estimated taxes and expenses in a hypothetical scenario of a disposal; and
- (c) the remaining NTA being valued by applying a discount of 54% (equivalent to P/NTA of 0.46 times) based on the average of the mean and median P/NTA ratios of the Comparable Companies of 0.49 times and 0.43 times respectively as set out in Section 7.5 above.

	Adjusted RNTA per Share as at 31 Aug 2021 (S\$)	Discount applied	Estimated value per Share (S\$)
Net cash balance of the Group	1.54	-	1.54
Ex-Cash RNTA of the Group comprising:	3.73		3.31
(a) Espressif Shares	2.96	-	2.96
(b) Remaining NTA	0.77	54%	0.35
Overall	5.27		4.85

The estimated value per Share of S\$4.85 represents a discount of 8.0% to the Adjusted RNTA per Share of S\$5.27. On an ex-cash basis, the estimated value (ex-cash) per Share of S\$3.31 represents a larger discount of 11.3% to the Ex-Cash RNTA per Share of S\$3.73.

In comparison, the Offer Price represents a discount of 33.6% to the Adjusted RNTA per Share of S\$5.27. On an ex-cash basis, the ex-cash Offer Price represents a discount of 47.5% to the Ex-Cash RNTA per Share.

#### Lower end of the estimated value range of the Shares

- (i) net cash balance at its face value;
- (ii) applying a 15% discount to the above mark-to-market value of the Shares (on the basis that under the 2021 Disposal Mandate, Shareholders have given their approval for the Board of Directors of the Company the discretion to dispose of the Espressif Shares at prices not lower than the minimum disposal price per Espressif Share which is set at not more than 15% discount to the closing price of Espressif Shares on the SSE Star Market on the market day preceding the date of each disposal); and
- (iii) the remaining NTA being valued as explained above.

	Adjusted RNTA per Share as at 31 Aug 2021 (S\$)	Discounts applied	Estimated value per Share (S\$)	
Net cash balance of the Group	1.54	-	1.54	
Ex-Cash RNTA of the Group comprising:	3.73		2.87	
(a) Espressif Shares	2.96	15%	2.52	
(b) Remaining NTA	0.77	54%	0.35	
	5.27		4.41	

The estimated value per Share of S\$4.41 represents a discount of 16.3% to the Adjusted RNTA per Share of S\$5.27. On an ex-cash basis, the estimated value (ex-cash) per Share of S\$2.87 represents a discount of 23.1% to the Ex-Cash RNTA per Share of S\$3.73.

# **Summary**

The tables below show the comparison of the Offer Price and our estimated value range of the Shares compared to the Adjusted RNTA per Share (Table 1), and on an ex-cash basis (Table 2):

# Table 1

	Based on Offer Price of \$\$3.50	Based on the lower end of our estimated value range of S\$4.41	Based on the upper end of our estimated value range of \$\$4.85
Discount to Adjusted RNTA per Share of S\$5.27	33.6%	16.3%	8.0%
P/RNTA ratio (times)	0.66	0.84	0.92

#### Table 2

	Based on Ex-cash Offer Price of S\$1.96	Based on the lower end of our estimated value range of S\$2.87 (ex- cash basis)	Based on the upper end of our estimated value range of S\$3.31 (ex- cash basis)
Discount to Ex-Cash RNTA per Share of S\$3.73	47.5%	23.1%	11.3%
P/RNTA ratio (ex-cash basis) (times)	0.53	0.77	0.89

Hence, we are of the opinion that the Offer Price of S\$3.50 is <u>not fair</u>, as it is below our estimated value range of the Shares.

# 7.8 Dividend track record of the Company

We set out below information on the total dividends per Share as declared and paid by the Company in respect of the last 4 financial years from FY2018 to FY2021:

Dividends declared (S\$)	FY2018	FY2019	FY2020	FY2021
Interim dividend per Share	-	0.06	-	0.02
Final dividend per Share	0.03	0.03	0.03	0.03
Special dividend per Share	0.03	-	0.30	-
Total dividends	0.06	0.09	0.33	0.05
Average Share price(1)	0.566	1.153	2.871	3.093
Dividend yield <sup>(2)</sup> (%)	10.6	7.8	11.5	1.6

**Source**: Bloomberg L.P. and Company's announcements

#### Notes:

- (1) Based on the daily closing prices of the Shares for the respective financial years; and
- (2) Computed based on total dividends per Share divided by the average Share price in each of the respective financial years.

The Company had declared and paid dividends in respect of the last 4 financial years. The quantum of total dividends had varied from year to year due mainly to the payment of interim or special dividends. In particular, the Company had declared a significant special dividend of S\$0.30 per Share in respect of FY2020.

As disclosed in the Company's annual report for FY2021, the Company does not have a fixed dividend policy in place. The form, frequency and amount of dividends the Board may recommend or declare will depend on various factors, including general financial condition, the level of Group's cash and earnings, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

#### 7.9 Other relevant considerations in relation to the Offer

#### 7.9.1 Conditional Offer

The Offer Price for the Shares is S\$3.50 each in cash.

The Offer is subject to the Minimum Acceptance Condition of not less than 50% of the voting rights attributable to the total number of Shares (excluding treasury shares) as at the close of the Offer. In the event that the Minimum Acceptance Condition is not met by the close of the Offer, the Offer will lapse and all Shares tendered will be returned to the respective Shareholders. The Rollover Group had executed the Irrevocable Undertakings in favour of the Offeror, to *inter alia*, accept the Offer in respect of all Shares held or controlled by each of them, representing 29.02% of the issued Shares.

As at the Latest Practicable Date, the Offer has not become or been declared to be unconditional in all respects.

However, on 4 March 2022, shortly after the Latest Practicable Date but prior to the issue of this Letter, the Offeror had received acceptances from Shareholders (other than the Rollover

Group) amounting to 26.35% of the total number of issued Shares. Accordingly, as at 4 March 2022, the total number of Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its concert parties (including valid acceptances of the Offer) had amounted to 55.37% of the total number of issued Shares.

Accordingly, the Offer has become and has been declared to be unconditional in all respects.

# 7.9.2 No other competing offers as at the Latest Practicable Date

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

As at the Latest Practicable Date, the Teo Family Group owns 29.02% of the issued share capital of the Company, and each of the Teo Family Group is a senior management of the Group.

#### 7.9.3 Offeror's intention on the listing status of the Company

We note that the intention of the Offeror is to acquire statutory control of the Company in the event that the Offer becomes unconditional in all respect. Further, in the event that the requirements under Section 215(1) of the Companies Act are met, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer, and then proceed to delist the Company from the SGX-ST.

With the Offer having become unconditional in all respects on 4 March 2022, the Offeror would accordingly have acquired statutory control of the Company.

# 7.9.4 No certainty of Share price trading performance at or near the Offer Price after the close of Offer but the Shares remain listed on the SGX-ST

As set out in Section 7.2 of this Letter, the trading liquidity of the Shares was very low and the Shares had traded at below the Offer Price prior to the Offer Announcement Date, with the exception of 30 November 2021 when the Shares had traded to a high of S\$3.69. Since the Offer Announcement Date and up to the Latest Practicable Date, the Shares had mostly traded close to but below the Offer Price, and appeared to be supported by the Offer Price. The Shares were last transacted at S\$3.42 on 1 March 2022 compared to the Offer Price of S\$3.50. There were no trades done on the Shares on the Latest Practicable Date.

In the event the Company remains listed on the SGX-ST after the close of the Offer, there is no certainty that the Share price will trade at or close to the Offer Price.

In addition, in view of the low trading liquidity of the Shares, the Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium above the prevailing market price of the Shares without incurring brokerage and other trading costs.

#### 7.9.5 Offer Price is below the value of the liquid assets of the Group

As analysed in Section 7.3 of this Letter, the Group is asset heavy with significant net cash balance, and the holding of the listed Espressif Shares which can be considered as liquid assets as the Espressif Shares are listed and tradeable securities. The composition of the Group's assets is shown in the table below:

	Adjusted RNTA per Share as at 31 August 2021	Proportion (%)
Net cash balance	S\$1.54	29.2
Listed Espressif Shares	S\$2.96	56.2
Liquid assets	S\$4.50	85.4
Remaining NTA	S\$0.77	14.6
Total	S\$5.27	100.0

As shown in the table above, liquid assets amounting to S\$4.50 per Share, represent 85.4% of total Adjusted RNTA per Share of S\$5.27. The Offer Price of \$3.50 is 22.2% below the liquid assets per Share of S\$4.50.

#### 7.9.6 Our assessment on reasonableness of the Offer

In assessing reasonableness of the Offer, we have considered:

- (a) the shareholding interests of the Offeror and its concert parties. As at the Latest Practicable Date, the Offeror and its concert parties held in total 29.02% shareholding interest in the Company. However, shortly after the Latest Practicable Date, on 4 March 2022, the total number of Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its concert parties amounted to approximately 55.37% of the total number of issued Shares;
- (b) the lack of trading liquidity on the Shares as elaborated in Section 7.9.4 above. This is presently the main factor supporting reasonableness of the Offer as there is no certainty that the Shares would trade at or close to the Offer Price in the event the Company remains listed on the SGX-ST after the close of the Offer;
- (c) the Offer Price premium above the historical market price of the Shares of between 8.5% and 12.9% is below the mean and median market premia of between 18.8% and 45.4% of the Precedent Privatisation Transactions over the relevant benchmark periods;
- (d) the Offer Price is 22.2% below the liquid assets per Share, as elaborated in Section 7.9.5 above; and
- (e) the estimated value range of the Shares of between S\$4.41 and S\$4.85 which we have assessed in Section 7.7 of this Letter and concluded that the Offer is not fair.

Hence, our opinion is that the Offer is not reasonable.

Overall, from a financial view point, taking into account our analysis and evaluation of the financial terms of the Offer as set out in Sections 7.1 to 7.9 above, we are of the view that the Offer is not fair and not reasonable.

#### 8. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTOR ON THE OFFER

In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we considered to be pertinent in our assessment of the Offer:

- (a) rationale for the Offer and the Offeror's intention on the listing status of the Company;
- (b) market quotation and trading activity of the Shares;

- (c) financial analysis of the Group;
- (d) comparison with recently completed privatisation of selected SGX-ST listed companies;
- (e) comparison of valuation statistics of selected listed companies which are broadly comparable with the Group's core business;
- (f) share price performance compared to the reported NTA of the Group;
- (g) estimated value range of the Shares;
- (h) dividend track record of the Company; and
- (i) other relevant considerations in relation to the Offer.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Offer are not fair and not reasonable. Accordingly, we advise the Independent Director to recommend Shareholders to reject the Offer.

In rendering the above advice, we have not given regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder may have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Independent Director should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to reject the Offer.

Our recommendation on the Offer is addressed to the Independent Director for his benefit, in connection with and for the purposes of their consideration of the Offer, and may not be used or relied on for any other purposes (other than for the purpose of the Offer) without the prior written consent of Provenance Capital. The recommendation to be made by the Independent Director to Shareholders in respect of the Offer respectively shall remain the responsibility of the Independent Director.

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

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng Chief Executive Officer

#### **APPENDIX II**

#### ADDITIONAL GENERAL INFORMATION ON THE GROUP

#### 1. DIRECTORS

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

Name	Address	Designation
Mr. Loh Suan Len	c/o 3 Kian Teck Crescent Singapore 628881	Non-Executive Chairman and Independent Director
Mr. Teo Teck Leong	c/o 3 Kian Teck Crescent Singapore 628881	Managing Director
Mr. Teo Eng Thian	c/o 3 Kian Teck Crescent Singapore 628881	Executive Director

#### 2. REGISTERED OFFICE

The registered office of the Company is at 3 Kian Teck Crescent Singapore 628881.

# 3. PRINCIPAL ACTIVITY OF THE COMPANY

The Company was incorporated on 16 December 1989 in Singapore and listed on the Main Board of the SGX-ST on 13 October 1999 as Eastgate Technology Ltd. The Company's name was subsequently changed from Eastgate Technology Ltd to Shinvest Holding Ltd. on 30 October 2015.

The Group is an industrial group which operates as one of the largest stockists, distributors and manufacturers of a wide range of industrial fasteners and is a specialist in standard, non-standard and customised fasteners in Singapore. The Group serves both the domestic market, as well as major countries in the international market, including United States of America, Europe, Malaysia, Indonesia and China.

# 4. SHARE CAPITAL

#### 4.1 Issued share capital of the Company

The Company has only one (1) class of shares, being ordinary shares.

As at the Latest Practicable Date, based on the results of the electronic instant information search on the Company obtained from ACRA, the Company has an issued and paid-up share capital of \$\$27,101,242.37 comprising 29,905,222 Shares (excluding Shares in treasury).

The issued Shares are listed and guoted on the Mainboard of the SGX-ST.

# 4.2 Rights of Shareholders in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Company's Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced in **Appendix V** to this Circular. The Constitution is available for inspection at the registered address of the Company at 3 Kian Teck Crescent Singapore 628881. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

#### 4.3 Number of Shares issued since the end of the last financial year

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 August 2021, being the end of the last financial year.

#### 4.4 Convertible Instruments

The Company has not issued any instruments convertible into, rights to subscribe for, and options in respect of, the Shares and securities which carry voting rights affecting the Shares that are outstanding as at the Latest Practicable Date.

#### 5. DISCLOSURE OF INTERESTS

#### 5.1 Interests of the Group in the Offeror Securities

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

#### 5.2 Dealings by the Group in the Offeror Securities

Neither the Company nor any of its subsidiaries has dealt for value in any of 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 the Offeror Securities

As at the Latest Practicable Date, based on the information available to the Company and save as disclosed below and in the Offer Document, none of the Directors has any direct or deemed interest in any of the Offeror Securities:

Name of Director	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Offeror Securities	% <sup>(1)</sup>	No. of Offeror Securities	% <sup>(1)</sup>
Mr. Teo Eng Thian	1	25	_	_
Mr. Teo Teck Leong	1	25	_	_

#### Note:

(1) Based on the Offeror's issued and paid up capital of four (4) shares in the share capital of the Offeror.

Pursuant to the Rollover Arrangement and upon the Offer becoming unconditional, Mr. Teo Teck Leong and Mr. Teo Eng Thian will each hold 915,021 shares and 1,537,501 shares respectively in the Offeror, representing 10.54% and 17.72% (rounded to the nearest two (2) decimal places) respectively of the total issued shares of the Offeror. SHK Investment Pte. Ltd., a company which is wholly-owned by Mr Teo Teck Leong, will hold 2,375,000 shares in the Offeror, representing 27.37% (rounded to the nearest two (2) decimal places) of the total issued shares of the Offeror.

# 5.4 Dealings by the Directors in the Offeror Securities

Save for:

- (a) the subscription of one (1) share in the capital of the Offeror on 20 December 2021 by Mr. Teo Eng Thian;
- (b) the subscription of one (1) share in the capital of the Offeror on 20 December 2021 by Mr. Teo Teck Leong;
- (c) the Rollover Arrangement; and

(d) the financing arrangements between the Offeror and UOB for the purpose of the Offer as set out in Section 5.4 of the Offer Document.

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

# 5.5 Interests of the Directors in the Company Securities

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

Name of Director	r Direct Interest		Deemed	Deemed Interest	
	No. of Shares	%	No. of Shares	%	(%)
Mr. Teo Eng Thian	1,537,500	5.141	_	_	5.141
Mr. Loh Suan Len	526,375	1.760	202,400	0.677	2.437
Mr. Teo Teck Leong	915,020	3.059	2,375,000	7.942	11.001

#### 5.6 **Dealings in the Company Securities by the Directors**

Save as disclosed below and save for the acceptance of the Offer by the relevant Directors pursuant to the Irrevocable Undertakings as described in paragraph 5.9 below and the Rollover Arrangement, none of the Directors has dealt for value in any of the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

Name	Date	No. of Shares Bought	No. of Shares Sold	Counterparty to Dealing	Nature of transaction	Transaction Price per Share (S\$)
Mr Teo Teck Leong	8 December 2021	12,000	-	Ms Toh Ah Hoi (spouse of Mr Teo Teck Leong)	Deemed interest transfer	Nil

# 5.7 Interests of the IFA in the Company Securities

As at the Latest Practicable Date, the IFA and funds whose investments are managed by it on a discretionary basis do not own or control any of the Company Securities.

#### 5.8 Dealings in the Company Securities by the IFA

The IFA and funds whose investments are managed by it on a discretionary basis have not dealt for value in any of the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

#### 5.9 **Directors' Intentions in relation to the Offer**

Each of Mr. Teo Teck Leong and Mr. Teo Eng Thian, who have direct or deemed interests in the Shares, have given the Irrevocable Undertakings to accept or procure the acceptance of the Offer in respect of all of the Shares held by them.

The Independent Director, Mr. Loh Suan Len, has informed the Company that he intends to accept or procure the acceptance of the Offer in respect of all of the Shares held by him in view of the low trading liquidity of Shares, notwithstanding that he concurs with the advice of the IFA on the Offer.

#### 6. OTHER DISCLOSURES

#### 6.1 Directors' service contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries which have more than twelve (12) months to run and which cannot be terminated by the employing company within the next twelve (12) months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months preceding the Offer Announcement Date and ending on the Latest Practicable Date.

### 6.2 Arrangements affecting Directors

As at the Latest Practicable Date, save as disclosed in this Circular and the Offer Document:

- (a) it is not proposed that any payment or other benefit shall be made or given to any Director, or 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 Undertakings and the Rollover Arrangement, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

### 7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), 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.

# 8. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in any information on the Group which is publicly available (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET):

- (a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole; and
- (b) the Directors are not aware of any litigation, claim or proceedings pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries, taken as a whole.

# 9. SUMMARY OF FINANCIAL INFORMATION

#### 9.1 Consolidated income statement

A summary of the audited consolidated statement of comprehensive income of the Group for FY2019, FY2020 and FY2021 is set out below.

The following summary should be read together with the annual reports, the audited consolidated financial statements of the Group for the relevant periods and the related notes thereto, which are available on the website of the SGX-ST at <a href="https://www.sgx.com">www.sgx.com</a>.

	Audited FY2021 S\$'000	Audited FY2020 S\$'000	Audited FY2019 S\$'000
	·	- +	
Revenue	14,117	12,569	15,401
Exceptional items	_	_	138
Net profit/(loss) before tax from continuing operation	38,604	38,736	83,794
Net profit/(loss) after tax from continuing operations	34,718	34,652	74,737
Net profit/(loss) after tax from discontinued operations	_	_	(1,956)
Minority interests	_	_	101
Net earnings per Share from continuing operations - Basic & Diluted (cents)	116.093	115.873	249.915
Net loss per Share from continuing operations - Basic & Diluted (cents)	_	_	(6.541)
Net dividends per Share (cents)	0.05	0.33	0.09

#### 9.2 Consolidated balance sheet

A summary of the audited consolidated statement of financial position of the Group as at 31 August 2021 is set out below.

The following summary should be read together with the annual report for FY2021, the audited consolidated financial statements of the Group for FY2021, and the related notes thereto, which are available on the website of the SGX-ST at <a href="https://www.sgx.com">www.sgx.com</a>.

# Statements of Financial Position

As at 31 August 2021

		Group		C	Company	
	Note	2021	2020	2021	2020	
		\$'000	\$'000	\$'000	\$'000	
Non-current assets						
Property, plant and equipment	4	1,096	1,097	-	-	
Right-of-use assets	5	5,296	5,261	640	308	
Intangible assets	6	1,647	1,647	-	-	
Investment property	7	615	654	-	-	
Investments in subsidiaries	8	-	-	18,000	18,000	
Investment in a joint venture	9	149	433	149	500	
Financial assets at fair value						
through profit or loss ("FVTPL")	10	152,083	166,682	152,083	166,682	
Other receivable	11 _	-	169	-		
	_	160,886	175,943	170,872	185,490	
Current assets						
Inventories	12	13,373	14,852			
Trade and other receivables	11	3,224	3,203	4,585	260	
	11	3,224 67	5,203	4,363	21	
Prepayments Current income tax recoverable		225	60	225	21	
Cash and bank balances	13	28,535	106	27,303	-	
Cash and bank balances	13 _				5	
Lann	_	45,424	18,221	32,136	286	
Less:						
Current liabilities	4.4	2 574	7 224	2 572	0 773	
Trade and other payables	14	3,574	7,334	2,572	8,772	
Interest bearing liabilities	15	980	5,467	-	-	
Lease liabilities	16	155	105	65	14	
Derivative financial instruments	17	-	34	-	-	
Current income tax payable	_	4 700	29	2 / 27		
N	_	4,709	12,969	2,637	8,786	
Net current assets/(liabilities)	_	40,715	5,252	29,499	(8,500)	
Less:						
Non-current liabilities						
Other payables	14	6,857	6,971	6,857	6,971	
Interest bearing liabilities	15	2,818	5,276	-	-	
Lease liabilities	16	1,250	1,188	449	298	
Deferred tax liabilities	18	14,330	15,665	14,021	15,334	
		25,255	29,100	21,327	22,603	
Net assets		176,346	152,095	179,044	154,387	
Equity						
Share capital	19	26,700	26,700	26,700	26,700	
Retained earnings	20	149,646	125,395	152,344	127,687	
Total equity attributable to owners of the parent		176,346	152,095	179,044	154,387	
F				,- / 1	, ,	

Copies of the annual reports of the Company for FY2019, FY2020 and FY2021 are available for inspection at the Company's registered office at 3 Kian Teck Crescent Singapore 628881 during normal business hours from the date of this Circular up to the Closing Date.

#### 9.3 Profit Guidance of the Group

On 1 March 2022, the Company announced a profit guidance relating to the expected significant loss (profit before tax) for the financial results for the first half of the financial year ending 31 August 2022 (the "**Profit Guidance**"). The Profit Guidance is set out in **Appendix IV** of this Circular.

# 9.4 Significant accounting policies

The audited consolidated financial statements of the Group for FY2021 have been prepared in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards (International). The significant accounting policies of the Group are disclosed in note 2 of the audited consolidated financial statements of the Group for FY2021. Copies of the annual report of the Company for FY2021 are available on the SGX-ST website at <a href="https://www.sgx.com">www.sgx.com</a> and available for inspection at the registered office of the Company at 3 Kian Teck Crescent Singapore 628881 during normal business hours for the period during which the Offer remains open for acceptance.

Save as disclosed in this Circular and/or publicly available information on the Group (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), there were no significant accounting policies or any points from the notes to the financial statements of the Company which are of major relevance for the interpretation of the accounts.

#### 9.5 Changes in accounting policies

As at the Latest Practicable Date, save as disclosed in publicly available information on the Group (including without limitation the announcements, financial statements and annual reports released by the Company on SGXNET), there has been no change in the accounting policies of the Company which will cause the figures in the financial statements of the Company as set out in this Circular to be not comparable to a material extent.

# 9.6 Material changes in financial position

Save as disclosed in this Circular and/or in publicly available information on the Group (including without limitation the announcements, financial statements, the Profit Guidance and annual reports released by the Company on SGXNET), as at the Latest Practicable Date, there are no known material changes in the financial position or prospects of the Group since 31 August 2021, being the date of the last audited accounts of the Company laid before Shareholders in general meeting.

# 10. VALUATION

In connection with the Offer, the Group had commissioned the Valuer to perform independent valuations of the following properties held by the Group:

- (a) a strata factory unit located at 8B Admiralty Street #01-09 8B @ Admiralty Singapore 757440:
- (b) a shop unit located at 11 Syed Alwi Road #01-06 Singapore 207629; and
- (c) a part single-storey/ part 3-storey detached factory with temporary secondary workers' dormitory located at 3 Kian Teck Crescent Singapore 628881,

(collectively, the "Properties"). Copies of the Valuation Certificates are set out in **Appendix VI** to this Circular. The Valuation Certificates in respect of the Properties are available for inspection at the registered address of the Company at 3 Kian Teck Crescent Singapore 628881.

As disclosed in the Valuations Certificates as reproduced in **Appendix VI** to this Circular, the basis of the valuation is market value. The valuation of the Properties has been included as part of the IFA's consideration in the IFA Letter as reproduced in **Appendix I** to this Circular.

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liabilities which would arise if the Properties, which are the subject of a valuation given in connection with the Offer, were to be sold at the amount of the valuation, accompanied by an appropriate comment as to the likelihood of any such liability crystallising. The management of the Company does not expect any potential tax liability on the net revaluation surplus arising from the independent valuation of the Properties in a hypothetical scenario where the Properties are sold at the market values ascribed in the Valuation Certificates as there is no capital gains tax in Singapore. In addition, as at the Latest Practicable Date, the Properties are for the Group's own use and are not intended for sale.

#### 11. GENERAL INFORMATION

#### 11.1 Costs and expenses

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

#### 11.2 Consent

- (a) The IFA has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion herein of its name, the reproduction of the IFA Letter and all references thereto in the form and context in which they appear in this Circular.
- (b) RHT Valuation Pte. Ltd., named as the Valuer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name and all references thereto; and (ii) the Valuation Certificates and all references thereto, in the form and context in which they appear in this Circular.
- (c) BDO LLP, named as the independent auditors of the Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (i) its name and all references thereto; and (ii) the independent auditor's report in relation to the audited consolidated financial statements of the Group for FY2021 as reproduced in **Appendix III** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

#### 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Kian Teck Crescent Singapore 628881 during normal business hours for the period during which the Offer remains open for acceptance:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2019, FY2020 and FY2021;
- (c) the IFA Letter as set out in **Appendix I** to this Circular;
- (d) the Profit Guidance as set out in **Appendix IV** to this Circular;
- (e) the Valuation Certificates as set out in Appendix VI to this Circular; and
- (f) the letters of consent referred to in paragraph 11.2 above.

# **APPENDIX III**

# AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2021

The audited consolidated financial statements of the Group for FY2021 which are set out below have been reproduced from the Company's annual report for FY2021, 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 FY2021 set out below shall have the same meanings given to them in the annual report of the Company for FY2021.

A copy of the annual report of the Company for FY2021 is available for inspection at the registered address of the Company at 3 Kian Teck Crescent Singapore 628881 during normal business hours until the Closing Date.

To The Members Of Shinvest Holding Ltd.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Shinvest Holding Ltd.

# Report on the Audit of the Financial Statements

# Opinion

We have audited the financial statements of Shinvest Holding Ltd. (the "Company") and its subsidiaries (the "Group"), as set out on page 33 to 112, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 August 2021;
- the 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 statement of financial position 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)s") 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 August 2021, and of the consolidated financial performance, consolidated changes in eauity 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.

To The Members Of Shinvest Holding Ltd.

# 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.

1

Net realisable value of inventories

#### Key Audit Matter

As at 31 August 2021, the Group's inventories amounted to \$13,373,000 which accounted for approximately 6% of the Group's total assets. During the financial year, a write-down of \$1,044,000, reversal of previous write-down of \$257,000 and write-off of \$42,000 were made and included in profit or loss.

The Group's inventories comprising finished goods of \$13,373,000 are carried at lower of cost and net realisable value. Inventories may be written down to net realisable value if they are slow-moving, become obsolete due to no market demand, or if their selling prices have declined.

As the general market conditions continue to be challenging and competitive, there is a risk that net realisable values of the Group's inventories may be below cost, resulting in an overstatement of inventories. The determination of the net realisable values of inventories is based on current market conditions and historical sales experience.

We focused on this area as a key audit matter as significant management judgements are involved in assessing the market positioning of the Group's products which are dependent on factors such as customer specification requirements, demand levels and price competition in response to the industry cycles.

# Related Disclosures

Refer to Notes 3.2(iii) and 12 to the financial statements

# Audit Response

We have performed the following audit procedures, amongst others:

- attended and observed physical year-end and cyclical inventory count, performed independent test counts and considered for allowance for inventory obsolescence;
- discussed with management to obtain an understanding of management's assessment and basis for write-downs, reversals and write-offs made during the financial year;
- tested the inventory aging report which is used by management to identify slow moving, excess and obsolete inventories;
- assessed the appropriateness of management's estimation of the net realisable values of the inventories by checking, on a sample basis, to actual sales subsequent to the financial year as appropriate; and
- assessed the appropriateness of the reversal of slowing-moving inventories, on a sample basis, by checking that the sales prices of those inventories were above the net realisable values.

To The Members Of Shinvest Holding Ltd.

7

Impairment assessment of the investment in a joint venture

# Key Audit Matter

As at 31 August 2021, the carrying amount of the Group's and the Company's investment in a joint venture, ESSE PI Pte. Ltd. ("ESSE") amounted to \$149,000 and \$149,000 respectively.

During the financial year ended 31 August 2021, management assessed that there are indicators of impairment on the investment in Joint Venture as ESSE has been incurring losses and its performance for the financial year did not meet the budget.

For the purpose of impairment testing, management has determined the recoverable amount using the value-in-use ("VIU") method by estimating the present value of future cash flows of the joint venture. Arising from the assessment, the Group and the Company recognised an impairment loss of \$343,000 and \$501,000 respectively on the investment in a joint venture during the financial year.

We focused on this area as a key audit matter due to the significant judgements and estimates required to determine VIU with regard to the key assumptions such as revenue growth rates, terminal growth rate and discount rate.

#### Related Disclosures

Refer to Notes 3.2(iv), 9 and 25 to the financial statements.

# Audit Response

We have performed the following audit procedures, amongst others:

- evaluated management's process in determining the recoverable amount of the investment in
  a joint venture through the use of discounted cash flow forecasts, including the key estimates
  for revenue growth rates, terminal growth rate and discount rate;
- evaluated management's budgeting process by comparing the actual results to previously forecasted results;
- assessed the reasonableness of management's key assumptions and estimates used in the valuein-use determination including comparing revenue growth rates, terminal growth rate and discount rate against market data;
- performed sensitivity analysis around the key assumptions including the revenue growth rates, terminal growth rate and discount rate used in discounted cash flow forecast;
- engaged internal specialist as auditor's expert to evaluate the reasonableness of the discount rate used; and
- assessed the adequacy of the disclosures in the financial statements.

To The Members Of Shinvest Holding Ltd.

#### 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.

# 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)s, 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.

# Independent Auditor's Report

To The Members Of Shinvest Holding Ltd.

## 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 skepticism 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.
- 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.

# Independent Auditor's Report

To The Members Of Shinvest Holding Ltd.

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Leong Wenjie, Stephen.

## **BDO LLP**

Public Accountants and Chartered Accountants

Singapore

3 December 2021

# Statements of Financial Position

As at 31 August 2021

\$'000 \$'000 \$'0 Non-current assets			2020			
Non-current assets	\$'000 \$'000		2020	2021	Note	
		\$	\$'000	\$'000		
Property, plant and equipment 4 1.096 1.097 -						Non-current assets
rioperey, plane and equipment			1,097	1,096	4	Property, plant and equipment
Right-of-use assets 5 5,296 5,261 640 3	640 308		5,261	5,296	5	Right-of-use assets
Intangible assets 6 1,647 -			1,647	1,647	6	Intangible assets
Investment property 7 615 654 -			654	615	7	Investment property
Investments in subsidiaries 8 18,000 18,000	18,000 18,000	18	-	-	8	Investments in subsidiaries
Investment in a joint venture 9 149 433 149 5	149 500		433	149	9	Investment in a joint venture
Financial assets at fair value						Financial assets at fair value
through profit or loss ("FVTPL") 10 152,083 166,682 152,083 166,6	152,083 166,682	152	166,682	152,083	10	through profit or loss ("FVTPL")
Other receivable 11 <u>- 169</u> -	<u> </u>		169		11	Other receivable
160,886	170,872 185,490	170	175,943	160,886		
Current assets						Current assets
Inventories 12 13,373 14,852 -			14.852	13.373	12	
	4,585 260	4	·	·		
Prepayments 67 60 23	·		•	•		
Current income tax recoverable 225 - 225			-			
Cash and bank balances 13 28,535 106 27,303		27	106		13	
	,					
Less:			,			Less:
Current liabilities						Current liabilities
	2,572 8,772	2	7,334	3,574	14	
Interest bearing liabilities 15 980 5,467 -				•	15	• •
Lease liabilities 16 155 105 65	65 14		•		16	_
Derivative financial instruments 17 - 34 -			34	-	17	Derivative financial instruments
Current income tax payable - 29 -			29	-		Current income tax payable
• • • • • • • • • • • • • • • • • • • •	2,637 8,786	2	12,969	4,709		
			•			Net current assets/(liabilities)

# Statements of Financial Position

As at 31 August 2021

			Group	c	ompany
	Note	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Less:					
Non-current liabilities					
Other payables	14	6,857	6,971	6,857	6,971
Interest bearing liabilities	15	2,818	5,276	-	-
Lease liabilities	16	1,250	1,188	449	298
Deferred tax liabilities	18	14,330	15,665	14,021	15,334
		25,255	29,100	21,327	22,603
Net assets		176,346	152,095	179,044	154,387
Equity					
Share capital	19	26,700	26,700	26,700	26,700
Retained earnings	20	149,646	125,395	152,344	127,687
Total equity attributable to owners					
of the parent		176,346	152,095	179,044	154,387

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 August 2021

Revenue       21       14,117       12,569         Cost of sales       (9,242)       (8,071)         Gross profit       4,875       4,498         Other items of income         Other income       22       1,054       1,916         Fair value gain on financial assets at FVTPL       23       43,192       42,432         Other items of expense         Loss allowance on trade and other receivables, net       (129)       (129)         Selling and distribution expenses       (2,478)       (2,487)         Administrative expenses       (7,022)       (6,889)         Finance costs       24       (287)       (403)         Other expenses       (510)       (135)         Share of loss of a joint venture       9       (91)       (67)         Profit before income tax       25       38,604       38,736         Income tax expense       26       (3,886)       (4,084)         Profit representing total comprehensive income attributable to:       34,718       34,652         Profit representing total comprehensive income attributable to:         Owners of the parent       34,718       34,652          Earnings per share attributable to owners of the parent (in cents)		Note	2021 \$'000	2020 \$'000
Gross profit       4,875       4,498         Other items of income         Other income       22       1,054       1,916         Fair value gain on financial assets at FVTPL       23       43,192       42,432         Other items of expense         Loss allowance on trade and other receivables, net       (129)       (129)         Selling and distribution expenses       (2,478)       (2,487)         Administrative expenses       (7,022)       (6,889)         Finance costs       24       (287)       (403)         Other expenses       (510)       (135)         Share of loss of a joint venture       9       (91)       (67)         Profit before income tax       25       38,604       38,736         Income tax expense       26       (3,886)       (4,084)         Profit representing total comprehensive income for the year       34,718       34,652         Profit representing total comprehensive income attributable to:         Owners of the parent       34,718       34,652	Revenue	21	14,117	12,569
Other items of income Other income Other income Other income Tair value gain on financial assets at FVTPL  Other items of expense Loss allowance on trade and other receivables, net Costallowance on trade and solves of (129) Costallowance on trade and other receivables, net Costallowance on trade and solves of (129) Costallowance on trade and other receivables of (129) Costallowance on trade and other	Cost of sales		(9,242)	(8,071)
Other income 22 1,054 1,916 Fair value gain on financial assets at FVTPL 23 43,192 42,432  Other items of expense Loss allowance on trade and other receivables, net (129) (129) Selling and distribution expenses (2,478) (2,487) Administrative expenses (7,022) (6,889) Finance costs 24 (287) (403) Other expenses (510) (135) Share of loss of a joint venture 9 (91) (67) Profit before income tax 25 38,604 38,736 Income tax expense 26 (3,886) (4,084) Profit representing total comprehensive income for the year  Profit representing total comprehensive income attributable to: Owners of the parent 34,718 34,652  Earnings per share attributable to owners of the parent (in cents)	Gross profit		4,875	4,498
Fair value gain on financial assets at FVTPL  23 43,192 42,432  Other items of expense Loss allowance on trade and other receivables, net  (129) (129)  Selling and distribution expenses  (2,478) (2,487)  Administrative expenses  (7,022) (6,889)  Finance costs  24 (287) (403)  Other expenses  (510) (135)  Share of loss of a joint venture  9 (91) (67)  Profit before income tax  25 38,604 38,736  Income tax expense  26 (3,886) (4,084)  Profit representing total comprehensive income for the year  Profit representing total comprehensive income attributable to:  Owners of the parent  34,718 34,652  Earnings per share attributable to owners of the parent (in cents)	Other items of income			
Other items of expense Loss allowance on trade and other receivables, net  Color items of expense  Loss allowance on trade and other receivables, net  Color items of expenses  Color items of expen	Other income	22	1,054	1,916
Loss allowance on trade and other receivables, net  (129) (129)  Selling and distribution expenses  (2,478) (2,487)  Administrative expenses  (7,022) (6,889)  Finance costs  24 (287) (403)  Other expenses  (510) (135)  Share of loss of a joint venture  9 (91) (67)  Profit before income tax  25 38,604 38,736  Income tax expense  26 (3,886) (4,084)  Profit representing total comprehensive income for the year  Profit representing total comprehensive income attributable to:  Owners of the parent  34,718 34,652   Earnings per share attributable to owners of the parent (in cents)	Fair value gain on financial assets at FVTPL	23	43,192	42,432
Selling and distribution expenses  Administrative expenses  Finance costs  Other expenses  (510)  Share of loss of a joint venture  Profit before income tax  Income tax expense  Profit representing total comprehensive income for the year  Profit representing total comprehensive income attributable to:  Owners of the parent  Earnings per share attributable to owners of the parent (in cents)  (2,478)  (2,487)  (4,084)  (2,487)  (4,084)  24  (287)  (403)  (510)  (135)  (67)  Profit before income tax  25  38,604  38,736  (4,084)  26  (3,886)  (4,084)  34,718  34,652	Other items of expense			
Administrative expenses  Finance costs  Cother expenses	Loss allowance on trade and other receivables, net		(129)	(129)
Finance costs Other expenses Other expenses Share of loss of a joint venture Profit before income tax Income tax expense Profit representing total comprehensive income for the year  Profit representing total comprehensive income attributable to: Owners of the parent  Earnings per share attributable to owners of the parent (in cents)  (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (135) (1403) (1404)	Selling and distribution expenses		(2,478)	(2,487)
Other expenses (510) (135) Share of loss of a joint venture 9 (91) (67) Profit before income tax 25 38,604 38,736 Income tax expense 26 (3,886) (4,084) Profit representing total comprehensive income for the year 34,718 34,652  Profit representing total comprehensive income attributable to: Owners of the parent 34,718 34,652  Earnings per share attributable to owners of the parent (in cents)	Administrative expenses		(7,022)	(6,889)
Share of loss of a joint venture 9 (91) (67) Profit before income tax 25 38,604 38,736 Income tax expense 26 (3,886) (4,084) Profit representing total comprehensive income for the year 34,718 34,652  Profit representing total comprehensive income attributable to: Owners of the parent 34,718 34,652  Earnings per share attributable to owners of the parent (in cents)	Finance costs	24	(287)	(403)
Profit before income tax Income tax expense Income	Other expenses		(510)	(135)
Income tax expense 26 (3,886) (4,084)  Profit representing total comprehensive income for the year 34,718 34,652  Profit representing total comprehensive income attributable to:  Owners of the parent 34,718 34,652  Earnings per share attributable to owners of the parent (in cents)	Share of loss of a joint venture	9	(91)	(67)
Profit representing total comprehensive income for the year 34,718 34,652  Profit representing total comprehensive income attributable to:  Owners of the parent 34,718 34,652  Earnings per share attributable to owners of the parent (in cents)	Profit before income tax	25	38,604	38,736
Profit representing total comprehensive income attributable to:  Owners of the parent  Earnings per share attributable to owners of the parent (in cents)  34,718  34,652	Income tax expense	26	(3,886)	(4,084)
attributable to:  Owners of the parent  Earnings per share attributable to owners of the parent (in cents)  34,718  34,652	Profit representing total comprehensive income for the year	_	34,718	34,652
Earnings per share attributable to owners of the parent (in cents)				
(in cents)	Owners of the parent	_	34,718	34,652
Basic and diluted 27 <u>116.093</u> <u>115.873</u>	• .			
	Basic and diluted	27	116.093	115.873

# Consolidated Statement of Changes in Equity

For the financial year ended 31 August 2021

	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 September 2020	26,700	125,395	152,095
Profit for the year, representing total comprehensive income for the year	-	34,718	34,718
Transactions with owners, recognised directly in equity			
Dividends paid (Note 28)	-	(10,467)	(10,467)
Balance at 31 August 2021	26,700	149,646	176,346
Balance at 1 September 2019	26,700	91,640	118,340
Profit for the year, representing total comprehensive income for the year	-	34,652	34,652
Transactions with owners, recognised directly in equity			
Dividends paid (Note 28)	-	(897)	(897)
Balance at 31 August 2020	26,700	125,395	152,095

# Consolidated Statement of Cash Flows

For the financial year ended 31 August 2021

	Note	2021 \$'000	2020 \$'000
Operating activities			
Profit before income tax		38,604	38,736
Adjustments for:			
Bad debts written off - other receivables	25	-	2
Bad debts written off - trade receivables	25	6	*
Loss allowance (reversed)/made on other receivables, net	11	(41)	118
Loss allowance on trade receivables, net	11	170	11
Amortisation of right-of-use assets	5	377	331
Depreciation of investment property	7	39	39
Depreciation of property, plant and equipment	4	181	85
Dividend income from financial assets at FVTPL	22	(429)	(837)
Fair value loss on derivative financial instruments	17, 25	-	34
Fair value gain on financial assets at FVTPL	23	(43, 192)	(42,432)
Gain on disposal of property, plant and equipment	22	(60)	(6)
Impairment loss on investment in a joint venture	9	343	-
Impairment loss on right-of-use assets	5, 25	-	99
Interest expenses	24	252	363
Interest income	22	(9)	(4)
Inventories written off	12	42	39
Reversal of inventories write-down	12	(257)	(208)
Write-down for inventories obsolescence	12	1,044	386
Share of loss of a joint venture	9	91	67
Unrealised foreign exchange gain		(123)	(95)
Operating cash flows before working capital changes		(2,962)	(3,272)
Changes in working capital:			
Inventories		650	(500)
Trade and other receivables		(272)	575
Prepayments		(7)	24
Trade and other payables		(6,443)	876
Cash used in operations		(9,034)	(2,297)
Interest received		6	4
Income taxes paid		(5,475)	(115)
Net cash used in operating activities	_	(14,503)	(2,408)

<sup>\*</sup> denotes amounts less than \$1,000

The accompanying notes form an integral part of these financial statements.

Annual Report 2021 | Shinvest Holding Ltd.

# Consolidated Statement of Cash Flows

For the financial year ended 31 August 2021

	Note	2021 \$'000	2020 \$'000
Investing activities			
Investment in a joint venture  Deposits placed to purchase of property, plant and	9	(150)	(500) (122)
equipment  Dividend income from financial assets at FVTPL		429	837
	30	429	
Loan to a joint venture	30	200	(200)
Repayment of loan from a joint venture		200	-
Interest received from a joint venture	40	3	-
Proceeds from disposal of financial assets at FVTPL	10	60,275	-
Proceeds from disposal of property, plant and equipment		60	6
Purchase of property, plant and equipment	4	(11)	(205)
Down payment made to acquire right-of-use assets	5	(163)	(39)
Net cash from/(used in) investing activities		60,643	(223)
Financing activities			
Dividend paid to shareholders	28	(10,467)	(897)
Repayment of obligations under leases	16	(137)	(114)
Proceeds from bank borrowings	Α	2,900	8,650
Repayment of bank borrowings	Α	(9,673)	(5,106)
Interest paid		(252)	(363)
Net cash (used in)/from financing activities	_	(17,629)	2,170
Net change in cash and cash equivalents		28,511	(461)
·		·	` ′
Cash and cash equivalents at beginning of financial year Effect of foreign exchange rate changes on cash and cash		(136)	325
equivalents		160	*
Cash and cash equivalents at end of financial year	13	28,535	(136)

<sup>\*</sup> denotes amounts less than \$1,000

# Consolidated Statement of Cash Flows

For the financial year ended 31 August 2021

Note A: Reconciliation of liabilities arising from financing activities

	1 September 2020 \$'000	Cash flows \$'000	Non-cash changes Foreign exchange differences \$'000	31 August 2021 \$'000
Interest bearing liabilities				
- Bank borrowings	10,501	(6,773)	70	3,798
	1 September 2019 \$'000	Cash flows \$'000	Non-cash changes Foreign exchange differences \$'000	31 August 2020 \$'000
Interest bearing liabilities - Bank borrowings	7,058	3,544	(101)	10,501
Dank Don Ownigs	7,030	3,311	(101)	10,501

For the financial year ended 31 August 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### 1. General

Shinvest Holding Ltd. (the "Company") is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 3 Kian Teck Crescent Singapore 628881. The Company's registration number is 198905519R. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries (the "Group") and the statement of financial position of the Company for the financial year ended 31 August 2021 were authorised for issue in accordance with a Directors' resolution dated 3 December 2021.

## 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting polices below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("\$"), which is the functional currency of the Company and the subsidiaries and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("\$"000") as indicated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

New standards, amendments and interpretations effective from 1 September 2020

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

#### 2.1 Basis of preparation (Continued)

New standards, interpretations and amendments issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods and the Group and Company has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

For the financial year ended 31 August 2021

#### 2. Significant accounting policies (Continued)

#### 2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## 2.4 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

#### **2.4** Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Shop house	60
Plant and machinery	10
Computer equipment	3
Motor vehicles	5
Office equipment, furniture and fittings	5 - 10

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

#### 2.5 Investment property

Investment property including right-of-use asset relating to leasehold land rent, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives as follows:

	Years
Leasehold building	26
Leasehold land	18

The residual values, useful life and depreciation method of investment property is reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are included in profit or loss when the changes arise.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

#### 2.5 Investment property (Continued)

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property is recognised in profit or loss in the year of retirement or disposal.

The carrying amount of investment property are reviewed for impairment when events or changes in circumstances indicate that the investment property may be impaired. The accounting policy on impairment is as described in Note 2.9 to the financial statements.

#### 2.6 Joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Joint venture is initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in a joint venture.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of joint venture and distributions received are adjusted against the carrying amount of the investment.

Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the joint venture.

Where the Group transacts with a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

In the separate financial statements of the Company, the investment in a joint venture is carried at cost, less any impairment loss that has been recognised in profit or loss.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

#### 2.7 Intangible assets

#### (i) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

## (ii) Customer relationship

Customer relationship was acquired through business combinations, and measured at fair value as at the date of acquisition. Subsequently, customer relationship was carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or loss on a straight-line basis over their estimated useful lives as follows:

Years

## Customer relationship

4.7

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss or expected category consistent with the function of the intangible asset.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

For the financial year ended 31 August 2021

### 2. Significant accounting policies (Continued)

#### 2.8 Leases

#### As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

#### Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the statement of financial position.

## Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated amortisation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are amortised on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are amortised over the useful life of the underlying asset.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

## 2.8 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

The useful life of the right-of-use assets are as follows:

	Years
Leasehold land	18
Leasehold buildings	26 & 46
Office premises	18
Plant and machinery	10
Motor vehicles	3 - 7

Right-of-use assets which meets the definition of an investment property is presented within "Investment property" and accounted for in accordance with Note 2.5 to the financial statements.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.9 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities (and variable lease payments not included in the measurement of the lease liabilities) are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

For the financial year ended 31 August 2021

### 2. Significant accounting policies (Continued)

#### 2.8 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amounts of contractual payment to, and account separately for, any services provided by the lessor as part of the contract.

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 2.9 Impairment of non-financial assets, excluding goodwill

At the end of each financial year, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the financial year ended 31 August 2021

### 2. Significant accounting policies (Continued)

#### 2.9 Impairment of non-financial assets, excluding goodwill (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

#### 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a "weighted average" basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business, less the estimated costs of completion and costs incurred in marketing, selling and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

#### 2.11 Financial instruments

The Group recognises a financial asset or a financial liability in its statements of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

#### Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

## **Amortised cost**

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

For the financial year ended 31 August 2021

#### 2. Significant accounting policies (Continued)

#### 2.11 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. The lifetime expected credit losses are determined based on expected credit losses. The Group has established expected credit loss model based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other financial assets at amortised cost are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at the end of each financial year, there has been a significant increase in credit risk since initial recognition of the financial asset. In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the end of each financial year with the risk of a default occurring on the financial asset as at the date of initial recognition. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding goods and services tax ("GST") receivable, value added tax ("VAT") receivable, grant receivables and advance payment to suppliers) and cash and bank balances in the statements of financial position.

## Financial assets at fair value through profit or loss ("FVTPL")

The Group has investment in a listed entity which is not accounted for as subsidiary, associate or jointly controlled entity. It is carried at fair value with changes in fair value recognised in profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through profit or loss are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through profit or loss.

For the financial year ended 31 August 2021

#### 2. Significant accounting policies (Continued)

#### **2.11 Financial instruments** (Continued)

## Financial assets (Continued)

#### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### Credit-impaired financial assets

At the end of each financial year, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

#### **2.11 Financial instruments** (Continued)

## Financial liabilities and equity instruments (Continued)

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

#### Financial liabilities

Financial liabilities are classified as either as subsequently measured at amortised cost or financial liabilities at fair value through profit or loss .

#### Trade and other payables

Trade and other payables (excluding goods and services tax payable, advance payment from customers, deferred grant income and VAT payable) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

#### **Borrowings**

Interest bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.17).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

## Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if the subsidiary breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

#### 2.11 Financial instruments (Continued)

## Financial liabilities and equity instruments (Continued)

## Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in profit or loss. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

## Derecognition of financial liabilities

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

#### Derivative financial instruments

Derivative financial instruments held by the Group are recognised as assets or liabilities on the statements of financial position and classified as financial assets or financial liabilities at the fair value through profit or loss.

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial year.

The Group has not designated any of its derivatives as hedging instruments in the current or previous financial year. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

#### 2.12 Cash and bank balances

Cash and bank balances comprise cash on hand, cash with banks and financial institutions. Bank balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and cash at bank net of bank overdrafts. In the statements of financial position, bank overdrafts are presented within interest bearing liabilities under current liabilities.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

#### 2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as finance costs.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

## 2.14 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of 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 (i.e. sales related taxes). Most of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to these fixed prices.

### Revenue from sales of goods

The Group's primary source of revenue are from the sale of building materials, general merchants, hardware and fasteners. Revenue from the sales of these products is recognised at a point in time when the products and the products are delivered to or collected by customers. For overseas sales, performance obligations are satisfied when the control of products (i.e. risk of obsolescence and loss of shipment) are transferred to the customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within the credit term.

## Interest income

Interest income is recognised using the effective interest method.

#### Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the respective leases.

#### <u>Dividend income</u>

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

For the financial year ended 31 August 2021

#### 2. Significant accounting policies (Continued)

## 2.15 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures. Grants which are receivables in relation to expenses to be incurred in a subsequent financial period, are included as deferred government grants and classified as current assets and current liabilities in the statements of financial position.

### 2.16 Employee benefit expenses

#### Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

#### Profit sharing and bonus plans

The Group recognised a liability and an expenses for the expected cost of profit-sharing and bonuses when and only when it is contractually obligated to pay and when there is a past practice that has created a constructive obligation to pay which the Group has no realistic alternative but to make the payments.

### 2.17 Borrowing costs

All borrowing costs are recognised as an expense in profit or loss in the financial year in which they are incurred using effective interest method.

### 2.18 Taxes

Income tax expense comprise current tax expense and deferred tax expense.

## Current income tax

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior periods shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and interpretation to applicable tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period. Management evaluates its income tax provisions on periodical basis.

Current income taxes are recognised in profit or loss.

For the financial year ended 31 August 2021

## 2. Significant accounting policies (Continued)

## 2.18 Taxes (Continued)

## Deferred tax (Continued)

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of asset and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the financial year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred taxes are recognised in profit or loss.

#### Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of 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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

For the financial year ended 31 August 2021

#### 2. Significant accounting policies (Continued)

#### 2.19 Foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the financial year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year.

#### 2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recognised as a liability in the financial year in which the dividends are approved by the shareholders.

#### 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the managing director who make strategic decisions.

### 2.22 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.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

For the financial year ended 31 August 2021

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have significant effect on the amounts recognised in the financial statements.

(i) Impairment of investments in subsidiaries and a joint venture

The Group and the Company follow the guidance of SFRS(I) 1-36 Impairment of Assets in determining whether investments in subsidiaries and a joint venture are impaired. This process requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of an investment in subsidiary is less than its carrying amount, and the financial health and near-term business outlook of the investment. Factors, such as industry and sector performance, changes in technology and operational and financing cash flows were used.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of property, plant and equipment, right-of-use assets and investment property

Property, plant and equipment, right-of-use assets and investment property are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cashgenerating unit ("CGU") are determined by management based on fair value less costs of disposal. In determining the fair value less costs of disposal, management exercised judgement in estimating the amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal.

During the financial year, no impairment loss on property, plant and equipment was recognised.

The carrying amount of property, plant and equipment of the Group as at 31 August 2021 was disclosed in Note 4 to the financial statements.

For the financial year ended 31 August 2021

#### 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

#### **3.2** Key sources of estimation uncertainty (Continued)

(i) Impairment of property, plant and equipment, right-of-use assets and investment property (Continued)

The carrying amount of right-of-use assets of the Group and the Company as at 31 August 2021 were disclosed in Note 5 to the financial statements. During the financial year, an impairment loss on leasehold building amounting to \$Nil (2020: \$99,000) was recognised.

The carrying amount of investment property of the Group as at 31 August 2021 was disclosed in Note 7 to the financial statements.

#### (ii) Taxes

The Group recognises expected liabilities for income tax based on estimation of the likely taxes due. This requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made. The carrying amounts of current income tax payable of the Group as at 31 August 2021 was approximately \$Nil (2020: \$29,000).

The carrying amounts of current income tax recoverable of the Group and the Company as at 31 August 2021 were approximately \$225,000 (2020: \$Nil).

The carrying amounts of the Group's and the Company deferred tax liabilities as at 31 August 2021 were disclosed in Note 18 to the financial statements.

#### (iii) Write-down for inventories obsolescence

Inventories are valued at the lower of cost and net realisable value. Management determines cost of inventories primarily using the weighted average method, and the determination of the net realisable value of inventories is based on current market conditions and historical sales experience. Inventories may be written down to net realisable value if they are slow-moving, become obsolete due to no market demand, or if their selling prices have declined. In determining excess quantities, management considers recent sales quantities, related margins and the market positioning of its products. Nonetheless, the Group may be required to reduce the value of its inventories when faced with factors beyond its control, such as customer specification requirements, demand levels and price competition in response to the industry cycles. The carrying amount of the Group's inventories as at 31 August 2021 was disclosed in Note 12 to the financial statements.

For the financial year ended 31 August 2021

## 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

#### 3.2 Key sources of estimation uncertainty (Continued)

(iv) Impairment assessment of the investment in a joint venture

The Group and the Company followed the accounting policy set out in Note 2.9 in the impairment assessment of its investment in a joint venture. The recoverable amount has been determined based on the value-in-use calculations.

The Group's and the Company's carrying amount of investment in a joint venture as at 31 August 2021 were disclosed in Note 9 to the financial statements. During the financial year, the Group and the Company was recognised an impairment loss on investment in a joint venture of \$343,000 and \$501,000 respectively.

(v) Estimating expected credit loss allowance for trade and other receivables

#### Trade receivables

The Group and the Company have elected to apply the simplified approach within SFRS(I) 9, based on lifetime expected credit losses ("ECL"), in determining the loss allowance on trade receivables at the end of each reporting period.

The lifetime expected credit losses are determined based on expected credit loss rates. The expected credit loss rates are determined based on historical loss rates and historical payment pattern, adjusted for the current conditions and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables. For credit-impaired trade receivables, ECL is determined as the difference between the gross carrying amount and the present value of the estimated future cash flows.

During the financial year, a loss allowance on trade receivables of \$170,000 (2020: \$11,000) was recognised in the Group's profit or loss.

The Group's carrying amount of trade receivables was disclosed in Note 11 to the financial statements.

Non-trade amounts due from third parties, subsidiary and joint venture

At each reporting date, management determines whether there is change in credit risk of the non-trade receivables since initial recognition. In measurement of the ECL, management evaluated historical payment patterns of non-trade amount due from third parties, operating performance ratios and liquidity ratios of non-trade amount due from subsidiary and joint venture.

During the financial year, a reversal of loss allowance on non-trade receivables of \$41,000 (2020: loss allowance of \$118,000) was recognised in the Group's profit or loss.

The Group's and the Company's carrying amount of other receivables as at 31 August 2021 were was disclosed in Note 11 to the financial statements

Notes to the Financial Statements

For the financial year ended 31 August 2021

4. Property, plant and equipment

	Shop house	Plant and machinery	Computer	Motor vehicles	Office equipment, furniture and fittings	Total
Group 2021	\$,000	\$,000	000.\$	\$,000	\$,000	\$,000
Cost						
Balance at 1 September 2020	626	902	129	334	603	2,950
Additions		1	122	•	28	180
Disposals		•		(301)		(301)
Balance at 31 August 2021	979	902	251	33	661	2,829
Accumulated depreciation						
Balance at 1 September 2020	277	069	86	334	454	1,853
Depreciation for the financial year	26	27	26	,	31	181
Disposals		•	•	(301)		(301)
Balance at 31 August 2021	303	717	195	33	485	1,733
Net carrying amount						
Balance at 31 August 2021	929	188	26		176	1,096

Notes to the Financial Statements

62

For the financial year ended 31 August 2021

4. Property, plant and equipment (Continued)

	Shop house	Plant and machinery	Computer equipment	Motor vehicles	Office equipment, furniture and fittings	Total
Group 2020	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Cost						
Balance at 1 September 2019	626	99/	93	406	268	2,812
Additions	•	139	38	•	35	212
Disposals	•		•	(72)		(72)
Write-off		•	(2)	•		(2)
Balance at 31 August 2020	626	902	129	334	603	2,950
Accumulated depreciation						
Balance at 1 September 2019	250	929	87	406	423	1,842
Depreciation for the financial year	27	41	13		31	85
Disposals	•			(72)		(72)
Write-off		•	(2)	•		(2)
Balance at 31 August 2020	277	069	86	334	454	1,853
Net carrying amount						
Balance at 31 August 2020	702	215	31	•	149	1,097

Shinvest Holding Ltd. | Annual Report 2021

For the financial year ended 31 August 2021

## 4. Property, plant and equipment (Continued)

	Computer equipment	
	2021	2020
	\$'000	\$'000
Company		
Cost		
At beginning of the financial year	6	8
Write-off		(2)
At end of the financial year	6	6
Accumulated depreciation		
At beginning of the financial year	6	8
Write-off		(2)
At end of the financial year	6	6
Net carrying amount		
At end of the financial year		-

- (a) As at 31 August 2021, the Group's shop house with a carrying amount of \$676,000 (2020: \$702,000) was pledged to the bank as security for banking facilities granted to a subsidiary as disclosed in Note 15 to the financial statements.
- (b) For the purpose of the consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group		
	2021 \$'000	2020 \$'000	
Cash payments to acquire property, plant and equipment Transferred from other receivables and deposits paid	11	205	
in prior year	169	7	
Total additions to property, plant and equipment	180	212	

(c) The Group's shop house as at 31 August 2021 and 31 August 2020 is as follows:

Location	Description	Tenure	Approximate site area (sq.m)
No. 11 Syed Alwi Road #01-06 Teck Heng Long Industrial Building Singapore 207629	Shop house	Freehold	108

For the financial year ended 31 August 2021

## 5. Right-of-use assets

The Group and the Company has lease contracts for leasehold land and buildings, plant and machinery, motor vehicles and office premises. The Group's obligation under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group and the Company also has leases with terms of 12 months or less. The Group and the Company applies the "short-term lease" recognition exemptions for these leases.

#### (a) Carrying amounts of right-of-use assets

	Leasehold land	Leasehold buildings	Plant and machinery	Motor vehicles	Total
	\$'000	\$'000	\$,000	\$'000	\$'000
Group					
2021					
Balance at 1 September 2020	949	4,034	116	162	5,261
Addition	-	-	-	412	412
Amortisation charge	(57)	(197)	(14)	(109)	(377)
Balance at 31 August 2021	892	3,837	102	465	5,296
2020					
Balance at 1 September 2019	1,005	4,331	130	80	5,546
Addition	-	-	-	145	145
Amortisation charge	(56)	(198)	(14)	(63)	(331)
Impairment loss		(99)	-	-	(99)
Balance at 31 August 2020	949	4,034	116	162	5,261

During the previous financial year, the Group carried out a review of the recoverable amount of its leasehold buildings. The review led to the recognition of an impairment loss of approximately \$99,000 that had been recognised in profit or loss and included in other expenses (Note 25). The recoverable amount of the relevant assets of approximately \$1,284,000 had been determined on the basis of its fair value less costs of disposal with reference to indicative market values by management on an individual basis using the replacement cost approach by making reference to recent transactions of similar assets with appropriate adjustments (Level 3 hierarchy).

For the financial year ended 31 August 2021

## 5. Right-of-use assets (Continued)

## (a) Carrying amounts of right-of-use assets (Continued)

	Office premises \$,000	Motor vehicles \$'000	Total \$'000
Company	1,7		,
2021			
Balance at 1 September 2020	308	-	308
Addition	-	412	412
Amortisation charge	(19)	(61)	(80)
Balance at 31 August 2021	289	351	640
2020			
Balance at 1 September 2019	326	-	326
Amortisation charge	(18)	-	(18)
Balance at 31 August 2020	308	-	308

## (b) Lease liabilities

The carrying amounts of lease liabilities, movements during the financial year and the maturity analysis of lease liabilities are disclosed in Note 16 to the financial statements.

## (c) Amount recognised in profit or loss

	Group	
	2021 20	
	\$'000	\$'000
Amortisation of right-of-use assets	377	331
Interest expense on lease liabilities (Note 24)	48	45
Impairment loss	-	99
Short term leases (Note 25)	1_	45
Total amount recognised in profit or loss	426	520

## (d) Motor vehicles held in trust of the Group

The motor vehicles with carrying amounts of \$351,000 (2020: \$Nil) were registered in the name of 2 directors of the Company and held in trust for the Group and the Company.

For the financial year ended 31 August 2021

#### 5. Right-of-use assets (Continued)

### (e) Restrictions

#### Assets pledged as security

As at the end of the financial year, the Group's leasehold buildings with a carrying amount of approximately \$3,837,000 (2020: \$4,034,000) were pledged to the banks as security for banking facilities granted to a subsidiary as disclosed in Note 15 to the financial statements.

## Assets acquired under lease liabilities

The carrying amount of right-of-use assets pledged as security for the related lease liabilities as disclosed in Note 16 to the financial statements were as follows:

	Group		Comp	any	
	2021 2020		2021	2021	2020
	\$'000	\$'000	\$'000	\$'000	
Motor vehicles	465	162	351	-	
Plant and machinery	102	116	-	<u>-</u>	
-	567	278	351	-	

(f) For the purpose of the consolidated statement of cash flows, the Group's additions to rightof-use assets were financed as follows:

	Group		
	2021 \$'000	2020 \$'000	
Cash payments to acquire right-of-use assets	163	39	
Acquired under lease liabilities	249	106	
Total additions to right-of-use assets	412	145	

(g) At the end of the financial year, the Group's leasehold land and buildings classified as rightof-use assets are as follows:

Location	Description	Tenure	Approximate site area (sq.m)
8B Admiralty Street #01-09 Singapore 757440	Retail unit	Leasehold of 60 years commencing 9 October 2000	325
No. 3 Kian Teck Crescent Singapore 628881	Factory building, office and warehouse	Leasehold for 20 years commencing 1 July 1993 with an extended lease of another 24 years	4,848.84

For the financial year ended 31 August 2021

## 6. Intangible assets

	Goodwill \$'000	Customer relationship \$'000	Total \$'000
Group			•
2021			
Cost			
Balance at 1 September 2020 and 31 August 2021	1,647	1,081	2,728
Accumulated amortisation		1 001	4 004
Balance at 1 September 2020 and 31 August 2021		1,081	1,081
Net carrying amount			
Balance at 31 August 2021	1,647	_	1,647
	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
2020			
Cost			
Balance at 1 September 2019 and 31 August 2020	1,647	1,081	2,728
Accumulated amortisation			
Balance at 1 September 2019 and 31 August 2020		1,081	1,081
Net carrying amount			
Balance at 31 August 2020	1,647		1,647

The Group's intangible assets arose from the Group's acquisition of a subsidiary.

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGU") that are expected to benefit from that business combination, which is also the reportable operating segment. The carrying amount of goodwill had been allocated to the following segments:

	Trading of hardware and fasteners
	2021 2020 \$'000 \$'000
Goodwill	1,647 1,647

The recoverable amount of the CGU is determined based on the higher of its value-in-use and fair value less cost of disposal.

During the financial year ended 31 August 2021 and 31 August 2020, the recoverable amount of the CGU has been determined based on fair value less cost of disposal. The recoverable amount is determined based on the fair value of certain properties using direct comparison approach and based on most recent transacted prices.

As at the end of the current and previous financial years, the recoverable amount of the CGU for trading of hardware and fasteners was determined to be higher than the carrying amount and thus, no impairment loss needs to be recognised.

Annual Report 2021 | Shinvest Holding Ltd.

For the financial year ended 31 August 2021

## 7. Investment property

	Group		
	2021	2020	
	\$'000	\$'000	
Cost			
At beginning and end of the financial year	943	943	
Accumulated depreciation			
At beginning of the financial year	289	250	
Depreciation for the financial year	39	39	
At end of the financial year	328	289	
Net carrying amount			
At end of the financial year	615	654	

The fair value of the Group's investment property as at the financial year end was assessed by management to be approximately \$653,000 (2020: \$1,111,000). The fair value of the Group's investment property was derived based on comparison made to similar properties transacted in the vicinity. The valuation is based on the asset's highest and best use, which is in line with its actual use. Management considers the key unobservable inputs include the price per square meter and the premium (discount) on the quality of the building and remaining lease terms. The resulting fair value of investment property is considered Level 3 hierarchy.

There were no changes to the valuation techniques of the investment property as at the end of the reporting period. There were no transfers between levels during the financial year.

The following amounts are recognised in profit or loss:

	Group	
	2021	
	\$'000	\$'000
Rental income from investment property (Note 22)	69	342
Direct operating expenses (including repairs and maintenance)		
arising from rental-generating investment property	(174)	(206)

The Group's investment property as at 31 August 2021 and 31 August 2020 is as follows:

Location	Description	Tenure	Approximate site area (sq.m)
No. 3 Kian Teck Crescent Singapore 628881	Workers' dormitory	Leasehold for 20 years commencing 1 July 1993 with an extended lease of another 24 years	697.29

For the financial year ended 31 August 2021

## 7. **Investment property** (Continued)

During the financial year ended 31 August 2019, the approximate site area (sq.m) of the investment property was revised as there was adjustment in differential premium for the lifting of state title restrictions in accordance with Singapore Land Authority Act.

The Grant of Written Permission (Temporary) for continued use of part of the 2<sup>nd</sup> storey and part of the 3<sup>rd</sup> storey as secondary workers' dormitory for 155 workers was granted on 11 July 2019 for a period of 5 years commencing 4 November 2018. The secondary workers' dormitory shall cease with effect from 4 November 2023. Upon expiry of the temporary permission for the temporary secondary workers' dormitory, the permission shall be used for industrial or warehouse purposes.

As at 31 August 2021 and 2020, the investment property was pledged to a bank for banking facilities granted to a subsidiary as disclosed in Note 15 to the financial statements.

## 8. Investments in subsidiaries

	Company	Company		
	2021	2020		
	\$'000	\$'000		
Unquoted equity shares, at cost				
Balance at beginning and end of the financial year	18,000	18,000		

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)			Principal activities
	2021	2020	
	%	%	
Held by the Company			
Sin Hong Hardware Pte Ltd ("Sin Hong") <sup>(1)</sup> (Singapore)	100	100	Importers, exporters, marketing of building materials, general merchants and hardware dealers
Held by Sin Hong			
Maritrans Corporation Pte Ltd <sup>(1)</sup> (Singapore)	100	100	Investment holding

<sup>(1)</sup> Audited by BDO LLP, Singapore

For the financial year ended 31 August 2021

## 9. Investment in a joint venture

	Group		Comp	any
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares				
At beginning of the financial year	433	-	500	-
Addition	-	500	-	500
Capital injection	150	-	150	
	583	500	650	500
Less: Share of post-acquisition loss of a				
joint venture	(91)	(67)	-	-
Impairment loss	(343)	-	(501)	
At end of the financial year _	149	433	149	500

The details of the joint venture are as follows:

Name of joint venture (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held by the Group and Company	
		<b>2021</b> %	<b>2020</b> %
ESSE PI Pte. Ltd. ("ESSE") (1) (Singapore)	Development and application of AI technologies to solve IoT big data problems and automate decision making	25	25

<sup>(1)</sup> Incorporated on 7 October 2019 and exempt from audit requirements for the financial year 2020 and 2021

The principal activities of ESSE PI Pte. Ltd. are in line with the Group's strategy to diversify business by investing in Internet of Things ("IoT") sector.

Movements in the allowance for impairment loss are as follows:

	Group		Comp	any
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At beginning of the financial year Impairment loss recognised in	-	-	-	-
the financial year (Note 25)	343	-	501	
At end of the financial year	343		501	

For the financial year ended 31 August 2021

## 9. Investment in a joint venture (Continued)

During the financial year, management assessed that there are indicators of impairment on the investment in joint venture as ESSE has been incurring losses and its performance for the financial year did not meet the budget.

For the purpose of impairment testing, management has determined the recoverable amount of the joint venture of \$149,000 using the value-in-use ("VIU") method by estimating the present value of future cash flows of the joint venture. Arising from the assessment, the Group and the Company recognised an impairment loss of \$343,000 and \$501,000 respectively in profit or loss and included in "Other Expenses" (Note 25). The discount rate used in measuring VIU was 35%.

If any of the following changes were made to the above key assumption, with all other variables held constant, this will lead to the full impairment of the carrying amount for the investment in a joint venture.

2021
2021
%
Decreased by 32%

No reasonable change in the discount rate and terminal growth, with all other variables held constant will lead to the full impairment of the carrying amount for the investment in a joint venture.

Summarised financial information in relation to the joint venture is presented below:

Summarised statement of financial position as at	2021	2020
	\$'000	\$'000
Current assets	2,239	2,072
Non-current assets	669	766
Current liabilities	(92)	(259)
Non-current liabilities	(130)	(129)
Net assets (100%)	2,686	2,450
Included in the above amounts are:		
Cash and cash equivalents	307	322
Current financial liabilities (excluding trade and other payables and provisions) Non-current financial liabilities (excluding trade and	(37)	(201)
other payables and provisions)	(31)	

For the financial year ended 31 August 2021

## 9. Investment in a joint venture (Continued)

Summarised financial information in relation to the joint venture is presented below: (Continued)

Summarised statement of comprehensive income		
for the financial year ended 31 August	2021	2020
	\$'000	\$'000
Revenue	516	98
Loss before tax	(364)	(534)
Total comprehensive income	(364)	(534)
Included in the above amounts are:		
Depreciation and amortisation	18	2
Interest expense	4	4

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for fair value adjustments and differences in accounting policies between the Group and the joint venture.

## Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint venture, are as follows:

	2021 \$'000	2020 \$'000
Proportion of Group's interest	25%	25%
Group's share of net assets	671	612
Bargain purchase	(148)	(148)
Share of capital contribution (1)	(31)	(31)
Provision for impairment	(343)	
Group's carrying amount of investment in a joint venture	149	433

The capital contribution adjustment is due to the share of results for the 4 days period from 28 August 2020 to 31 August 2020 not accounted for during the year as explained below.

On 26 November 2019, the Company entered into Joint Venture Agreement ("JVA") with ESSE PI Pte. Ltd. ("ESSE") and ESSE's founder shareholder to subscribe for an equity interest of 12.5%, comprising 250,000 ordinary shares in ESSE, for a total cash consideration of \$250,000. On 26 November 2019, the Company entered into a Convertible Loan Agreement ("CLA") to extend a loan of \$250,000 to ESSE. The parties have also agreed on conversion mechanisms as set out in the CLA. On 20 August 2020, the Company has elected to convert the convertible loan of \$250,000 into 333,333 ordinary shares (12.5%) in ESSE, with an effective date of conversion on 28 August 2020. Therefore, the Group and the Company has on 28 August 2020, increased its shareholdings in the joint venture to 25%. As the share of post-acquisition results is not material for the 4 days period from 28 August 2020 to 31 August 2020, the Group has recognised 12.5% share of results instead of 25% of for the 4 days period.

For the financial year ended 31 August 2021

## 10. Financial assets at fair value through profit or loss ("FVTPL")

	<b>Group and Company</b>		
	2021	2020	
	\$'000	\$'000	
Quoted equity shares			
At beginning of the financial year	166,682	124,967	
Fair value change recognised in profit or loss (Note 23)	45,676	41,715	
Less: Disposal during the financial year	(60,275)	-	
At end of the financial year	152,083	166,682	
Details of investment is as follow:			
Quoted equity shares - listed in Shanghai, People's Republic of China	152,083	166,682	
• • •			

## Fair value measurement

The investment in quoted equity shares has no fixed maturity date nor coupon rate. The fair value of these shares are based on closing quoted market price on the last market day of the financial year.

Financial assets at FVTPL as at the end of the financial year are denominated in Chinese Renminbi ("RMB").

For the financial year ended 31 August 2021

## 11. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Non-current				
Deposit	-	169	-	
Current				
Trade receivables				
- third parties	3,255	2,868	-	-
Less: Loss allowance	(353)	(207)	-	-
	2,902	2,661	-	-
Other receivables				
- third parties	181	153	90	17
- joint venture	-	201	-	201
- a subsidiary	-	-	4,495	28
	181	354	4,585	246
Less: Loss allowance				
- third parties	(88)	(129)	-	-
	93	225	4,585	246
Advance payment to suppliers	214	135	-	-
Deposits	15	15	-	-
Grant receivables	-	167	-	14
	3,224	3,203	4,585	260
Total trade and other receivables Add/(Less):	3,224	3,372	4,585	260
Advance payment to suppliers	(214)	(135)	_	_
Deposit - Non-current	-	(169)	_	_
Grant receivables	-	(167)	-	(14)
GST receivable	-	(4)	*	(9)
VAT receivable	(83)	-	(83)	-
Cash and bank balances (Note 13)	28,535	106	27,303	5
Financial assets at amortised cost	31,462	3,003	31,805	242

<sup>\*</sup> denotes amounts less than \$1,000

Movements in the loss allowance on trade receivables were as follows:

	Group		
	2021 \$'000	2020 \$'000	
At beginning of the financial year	207	199	
Loss allowance made, net	170	11	
Loss allowance written off	(24)	(3)	
At end of the financial year	353	207	

**74** Shinvest Holding Ltd. | Annual Report 2021

For the financial year ended 31 August 2021

## 11. Trade and other receivables (Continued)

Movements of loss allowance on other receivables were as follows:

	Group		
	2021	2020	
	\$'000	\$'000	
At beginning of the financial year	129	11	
Loss allowance (reversed)/made, net	(41)	118	
At end of the financial year	88	129	

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 (2020: 30 to 90) days' credit terms.

Other receivables are non-trade in nature, unsecured, interest-free and repayable on demand. The balances are expected to be settled in cash.

As at 31 August 2020, grant receivables from the government is related to the Jobs Support Scheme ("JSS") to provide wage support to employers to help them retain their local employees and Property Tax Rebate announced by the Singapore Government during this period of economic uncertainty.

The amount due from a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable on demand, and expected to be settled in cash.

On 24 April 2020, the Company extended a loan of \$200,000 to a joint venture (Note 9), which is unsecured, interest fixed at 5% per annum, repayable on 23 July 2020 and subsequently extended to 23 December 2020, and is expected to be settled in cash. The loan to a joint venture was fully settled on 23 December 2020.

Trade and other receivables were denominated in the following currencies:

	Group	Group		any
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	2,878	3,223	4,500	260
United States dollar	256	149	-	-
Chinese Renminbi	85	-	85	-
Euro	-	*	-	-
Others	5	-		-
	3,224	3,372	4,585	260
Chinese Renminbi Euro	85 - 5	*	85 - -	-

<sup>\*</sup> denotes amounts less than \$1,000

For the financial year ended 31 August 2021

## 12. Inventories

	Group	Group	
	2021	2020	
	\$'000	\$'000	
Finished goods	13,373	14,852	

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to approximately \$8,413,000 (2020: \$7,854,000) for the financial year ended 31 August 2021.

During the financial year, the Group carried out a review of the realisable value of its inventories and the review led to the recognition of a write-down for inventories obsolescence and inventories written off of approximately \$1,044,000 (2020: \$386,000) and \$42,000 (2020: \$39,000) respectively. These were recognised as expenses and included in "cost of sales" line item in profit or loss.

During the financial year, the Group has recognised a reversal of \$257,000 (2020: \$208,000) being part of an inventories write-down made in the previous financial years as the related inventories were sold above their carrying amounts. The reversal was included in the "cost of sales" line item in profit or loss.

## 13. Cash and bank balances

	Group		Comp	any
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash on hand	12	13	*	*
Bank balances	28,523	93	27,303	5
Cash and bank balances	28,535	106	27,303	5_

Cash and bank balances were denominated in the following currencies:

	Grou	Group		any
	2021	2021 2020 2021	2020	
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	16,964	86	15,785	5
United States dollar	489	20	436	-
Chinese Renminbi	11,082	*	11,082	*
	28,535	106	27,303	5

<sup>\*</sup> denotes amounts less than \$1,000

For the financial year ended 31 August 2021

## 13. Cash and bank balances (Continued)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		
	2021	2020	
	\$'000	\$'000	
Cash and bank balances	28,535	106	
Less: Bank overdraft (Note 15)	<u></u>	(242)	
Cash and cash equivalents	28,535	(136)	

## 14. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Non-current				
Accrued operating expenses	178	195	178	195
Other payables - VAT payable	6,679	6,776	6,679	6,776
	6,857	6,971	6,857	6,971
Current				
Trade payables - third parties	372	95	-	-
Other payables				
- third parties	84	567	-	463
- subsidiary	-	-	-	2,352
,	84	567	-	2,815
Advance payment from customers*	18	21	-	-
GST payable	114	53	-	-
Accrued operating expenses	2,986	6,375	2,572	5,934
Deferred grant income	-	223	-	23
	3,574	7,334	2,572	8,772
Total trade and other payables	10,431	14,305	9,429	15,743
Add/(Less):				
Interest bearing liabilities (Note 15)	3,798	10,743		
Lease liabilities (Note 16)	1,405	1,293	514	312
Advance payment from customers*	(18)	(21)	-	-
GST payable	(114)	(53)	-	-
Deferred grant income	-	(223)	-	(23)
VAT payable	(6,679)	(6,776)	(6,679)	(6,776)
Financial liabilities carried at amortised cost	8,823	19,268	3,264	9,256

<sup>\*</sup> The advance payment from customers will be recognised as revenue in the subsequent period.

For the financial year ended 31 August 2021

## 14. Trade and other payables (Continued)

Trade payables are unsecured, non-interest bearing and generally on 7 to 90 (2020: 7 to 90) days' credit terms.

Other payables are non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 August 2020, non-trade amount due to a subsidiary was unsecured, non-interest bearing, repayable on demand and was fully repaid during the financial year ended 31 August 2021.

Included in the accrued operating expenses is the provision for contingent liability amounting to \$Nil (2020: \$13,000) for the guarantee of hire purchase facilities taken by a subsidiary which was disposed of by the end of the financial year 2017.

As at 31 August 2020, deferred grant income of the Group and the Company comprised Job Support Scheme of \$213,000 and \$23,000 and Property Tax Rebate of \$10,000 which will be recognised as grant income over the periods when related salary costs and property tax expenses are incurred.

Trade and other payables were denominated in the following currencies:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	3,210	6,860	2,508	8,347
United States dollar	283	467	-	422
Chinese Renminbi	6,921	6,974	6,921	6,974
Euro	11	4	-	-
Others	6	*		-
	10,431	14,305	9,429	15,743

<sup>\*</sup> denotes amounts less than \$1,000

## 15. Interest bearing liabilities

	Group		
	2021 \$'000	2020 \$'000	
Bank borrowings	3,798	10,501	
Bank overdraft	<u> </u>	242	
	3,798	10,743	

For the financial year ended 31 August 2021

## 15. Interest bearing liabilities (Continued)

	Group	
	2021	2020
	\$'000	\$'000
Current liabilities		
Secured:		
- Term loans	980	1,172
- Revolving loan I	-	1,400
- Revolving loan II	-	50
- Revolving loan III	-	800
- Trust receipts I	-	1,444
- Trust receipts II	-	359
- Bank overdraft		242
	980	5,467
Non-current liabilities		
Secured:		
- Term loans	2,818	5,276
	3,798	10,743

The interest bearing liabilities were denominated in the following currencies:

	Group		
	2021	2020	
	\$'000	\$'000	
Singapore dollar	3,798	8,940	
United States dollar	<u> </u>	1,803	
	3,798	10,743	

The average effective interest rates per annum of the interest bearing liabilities are as follows:

	Group		
	2021		
	%	%	
Term loans	4.06	2.90	
Revolving loans	2.93	4.06	
Trust receipts	3.32	3.49	
Bank overdraft	5.50	5.50	

For the financial year ended 31 August 2021

## **15. Interest bearing liabilities** (Continued)

The repayment terms of the respective interest bearing liabilities with instalment plans are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Term loan I repayable by 180 monthly instalments commencing 16 November 2009		691
Term loan II repayable by 240 monthly instalments commencing 18 February 2013	-	889
Term loan III repayable by 120 monthly instalments commencing 13 February 2017	-	117
Term loan IV repayable by 60 monthly instalments commencing 29 May 2020	2,240	2,813
Term loan V repayable by 60 monthly instalments commencing 8 July 2020	1,558	1,938
	3,798	6,448

The non-current interest bearing liabilities have the following maturities:

	Group	
	2021	2020
	\$'000	\$'000
Later than one year but not later than five years	2,818	4,637
Later than five years	<u> </u>	639
	2,818	5,276

Trust receipts have maturity periods ranging from 12 to 181 (2020: 77 to 183) days.

As at 31 August 2020, revolving loans have maturity periods up to 3 months.

Term loan I, II, III, IV, V, revolving loan I, II, trust receipts I and bank overdraft are secured by:

- (a) Legal mortgage (open) over the property located at No. 3 Kian Teck Crescent Singapore 628881 (Note 5 and Note 7);
- (b) Legal mortgage (open) over the property located at 8B Admiralty Street #01-09 Singapore 757400 (Note 5);
- (c) Legal mortgage over the shop house located at No. 11 Syed Alwi Road #01-06 Teck Heng Long Industrial Building Singapore 207629 (Note 4); and
- (d) Existing corporate guarantee from the Company.

As at 31 August 2020, trust receipts II is secured by existing corporate guarantee from the Company.

For the financial year ended 31 August 2021

## **15. Interest bearing liabilities** (Continued)

As at 31 August 2020, revolving loan III is secured by the existing corporate guarantee from the Company.

As at 31 August 2021, the fair value of the non-current interest bearing liabilities approximate their carrying amounts as they are subject to prevailing market interest rates (2020: floating interest rates/ market interest rates).

## 16. Lease liabilities

	Leasehold land	Plant and	Motor vehicles	Total
	\$'000	\$000	\$'000	\$'000
Group				
2021				
Balance at 1 September 2020	1,101	68	124	1,293
Additions	-	-	249	249
Interest expense (Note 24)	35	2	11	48
Lease payments				
- Principal portion	(50)	(19)	(68)	(137)
- Interest portion	(35)	(2)	(11)	(48)
Balance at 31 August 2021	1,051	49	305	1,405
2020				
Balance at 1 September 2019	1,149	87	65	1,301
Additions	-	-	106	106
Interest expense (Note 24)	36	2	7	45
Lease payments				
- Principal portion	(48)	(19)	(47)	(114)
- Interest portion	(36)	(2)	(7)	(45)
Balance at 31 August 2020	1,101	68	124	1,293

	Office premises \$'000	Motor vehicles \$'000	Total \$'000
Company	•	, , , ,	,
2021			
Balance at 1 September 2020	312	-	312
Additions	-	249	249
Interest expense	10	5	15
Lease payments			
- Principal portion	(14)	(33)	(47)
- Interest portion	(10)	(5)	(15)
Balance at 31 August 2021	298	216	514

For the financial year ended 31 August 2021

## **16.** Lease liabilities (Continued)

	Office premises	Office premises Motor vehicles	
	\$'000	\$'000	\$'000
Company			
2020			
Balance at 1 September 2019	326	-	326
Interest expense	10	-	10
Lease payments			
- Principal portion	(14)	-	(14)
- Interest portion	(10)	-	(10)
Balance at 31 August 2020	312	-	312

The maturity analysis of lease liabilities of the Group and the Company at each reporting date are as follows:

	Gro	Group		any
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contractual undiscounted cash flows				
<ul><li>Not later than one year</li><li>Later than one year but not</li></ul>	200	147	81	24
later than five years	576	485	244	96
- Later than five years	949	1,002	292	284
	1,725	1,634	617	404
Less: Future interest expense	(320)	(341)	(103)	(92)
Present value of lease liabilities	1,405	1,293	514	312
Presented in statement of financial position				
- Non-current	1,250	1,188	449	298
- Current	155	105	65	14
	1,405	1,293	514	312

The Group and the Company lease a leasehold land and office premises located at No. 3 Kian Teck Crescent Singapore 628881. It is customary for lease contract to provide payment to increase each year by inflation, to be reset periodically to market rental rates or fixed payments.

The Group also leases certain plant and machinery and motor vehicles under lease liabilities with fixed payments over the lease terms.

As at 31 August 2021, the incremental borrowing rate applied and average interest rate implicit in the lease were 3.25% (2020: 3.25%) and 4.02% (2020: 4.16%) respectively.

Total cash outflow for all the leases of the Group was \$186,000 (2020: \$204,000).

The lease liabilities are denominated in Singapore dollar.

For the financial year ended 31 August 2021

### Derivative financial instruments

	Group	
	2021	2020
	\$'000	\$'000
Fair value loss on foreign currency forward contracts		34
Total financial liabilities at fair value through profit or loss		34

As at 31 August 2020, the above derivatives were measured at fair value. These derivatives were classified under level 2 of the fair value hierarchy, as disclosed in Note 34.

## Foreign currency forward contracts

Foreign currency forward contracts are agreements to buy or sell fixed amounts of currency at agreed exchange rates to be settled in the future. The Group enters into various foreign currency forward contracts to reduce its exposure on anticipated transactions denominated in currency other than the subsidiary's functional currency. These foreign currency forward contracts generally have maturity dates of less than or equal to 6 months. The Group will settle the foreign currency forward contracts on a gross basis.

As at 31 August 2020, the Group entered into foreign currency forward contracts as follows:

	Average exchange rate	Foreign currency USD'000	Notional amount \$'000	Fair value \$'000	Settlement date
Group 2020					
Buy United States dollar	1.403	770	1,048	(34)	October 2020 to January 2021

### 18. Deferred tax

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Deferred tax asset	41	41	-	-
Deferred tax liabilities	(14,371)	(15,706)	(14,021)	(15,334)
	(14,330)	(15,665)	(14,021)	(15,334)

83

For the financial year ended 31 August 2021

## **18. Deferred tax** (Continued)

The movements for the financial year in deferred tax position is as follows:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At beginning of the financial year	(15,665)	(11,711)	(15, 334)	(11,359)
Disposal of financial assets at FVTPL	5,559	-	5,559	-
Withholding tax paid	21	-	21	-
Charged to profit or loss	(4,245)	(3,954)	(4,267)	(3,975)
At end of the financial year	(14,330)	(15,665)	(14,021)	(15,334)

The following are the major deferred tax liabilities and assets recognised by the Group and the Company and the movements during the financial year:

## Deferred tax asset

The deferred tax asset relates to the loss allowance on trade receivables.

## **Deferred tax liabilities**

Deferred tax liabilities are attributable to the following temporary differences:

	Fair value of financial assets at FVTPL \$'000	*Fair value of property, plant and equipment \$'000	*Fair value of investment property \$'000	Total \$'000
Group				
Balance at 1 September 2020	(15,334)	(323)	(49)	(15,706)
Disposal of financial assets at FVTPL	5,559	-	-	5,559
Withholding tax paid	21	-	-	21
(Charged)/Credited to profit or loss	(4,267)	19	3	(4,245)
Balance at 31 August 2021	(14,021)	304	46	(14,371)
Balance at 1 September 2019	(11,359)	(341)	(52)	(11,752)
(Charged)/Credited to profit or loss	(3,975)	18	3	(3,954)
Balance at 31 August 2020	(15,334)	(323)	(49)_	(15,706)

<sup>\*</sup> The fair values were recognised on acquisition of subsidiaries which owned these assets.

For the financial year ended 31 August 2021

### Deferred tax (Continued) 18.

## **Deferred tax liabilities** (Continued)

	Fair value of financial assets at FVTPL \$'000
Company	
Balance at 1 September 2020	(15,334)
Disposal of financial assets at FVTPL	5,559
Withholding tax paid	21
Charged to profit or loss	(4,267)
Balance at 31 August 2021	(14,021)
Balance at 1 September 2019	(11,359)
Charged to profit or loss	(3,975)
Balance at 31 August 2020	(15,334)
Share capital	

## 19.

## **Group and Company**

	2021 Number o	2020	2021	2020
	shares	•	\$'000	\$'000
Issued and fully paid: Balance at beginning and end of the financial year	29,905	29,905	26,700	26,700

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

## 20. Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2021	2020
	\$'000	\$'000
At beginning of the financial year	127,687	93,359
Total comprehensive income for the financial year	35,124	35,225
Dividends (Note 28)	(10,467)	(897)
At end of the financial year	152,344	127,687

Annual Report 2021 | Shinvest Holding Ltd.

For the financial year ended 31 August 2021

## 21. Revenue

## Disaggregation of revenue

The Group has disaggregated revenue into various categorical in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in Note 31 to the financial statements.

	Group		
	2021 \$'000	2020 \$'000	
Sale of goods			
- Retail	4,817	4,336	
- Original equipment manufacturing ("OEM")	2,848	2,336	
- Export	6,452	5,897	
	14,117	12,569	

The Group's revenue comprised invoiced value of goods sold and is recognised at point in time.

## 22. Other income

	Group	
	2021	2020
	\$'000	\$'000
Bad debts recovered - trade receivables - third parties	16	14
Dividend income from financial assets at FVTPL	429	837
Gain on disposal of property, plant and equipment	60	6
Gain on foreign exchange, net	-	120
Government grants	418	498
Interest income	9	4
Rental income	69	342
Others	53	95
	1,054	1,916

For the financial year ended 31 August 2021

## 23. Fair value gain on financial assets at FVTPL

	Group	
	2021	2020
	\$'000	\$'000
Fair value gain before income tax (Note 10)	45,676	41,715
Accrued brokerage fee, stamp duty and transfer fee	(54)	(195)
Value-added tax credit/(expense)	(2,430)	912
	43,192	42,432

## 24. Finance costs

	Group		
	2021	2020	
	\$'000	\$'000	
Interest expenses			
- bank overdraft	3	11	
- term and revolving loans	185	224	
- trust receipts	16	83	
- lease liabilities (Note 16)	48	45	
	252	363	
Bank charges	35	40	
Others	-	*	
	287	403	

<sup>\*</sup> denotes amounts less than \$1,000

For the financial year ended 31 August 2021

## 25. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges/(credit):

	Group	
	2021	2020
	\$'000	\$'000
Cost of sales		
Inventories written off	42	39
Reversal of inventories write-down	(257)	(208)
Write-down for inventories obsolescence	1,044	386
Administrative expenses		
Audit fees - auditor of the Company	114	110
Amortisation of right-of-use assets (Note 5)	377	331
Depreciation of investment property (Note 7)	39	39
Depreciation of property, plant and equipment (Note 4)	181	85
Directors' fees - Directors of the Company	90	90
Directors' remuneration		
- Directors of the Company	3,316	3,379
- Directors of subsidiaries	1,116	888
Short term leases (Note 5)	1	45
Other expense		
Bad debts written off - other receivables	-	2
Bad debts written off - trade receivables	6	*
Fair value loss on derivative financial instruments	-	34
Impairment loss on investment in a joint venture	343	-
Impairment loss on right-of-use assets	-	99
Loss on foreign exchange, net	161	
* denotes amounts less than \$1,000		
Profit before income tax also includes:		
	Group	
	2021	2020
	\$'000	\$'000
Employee benefits expenses		
- salaries, bonuses and other benefits	7,495	7,455
- contributions to the defined contribution plan	368	381
	7,863	7,836

For the financial year ended 31 August 2021

## 25. Profit before income tax (Continued)

The employee benefits expenses are recognised in the following line items of profit or loss:

	Group		
	2021 \$'000	2020 \$'000	
Administrative expenses*	5,524	5,498	
Selling and distribution expenses	2,339	2,338	
	7,863	7,836	

<sup>\*</sup> The above includes the amounts shown as Directors' remuneration in Note 30 to the financial statements.

## 26. Income tax expense

	Group	
	2021	2020
	\$'000	\$'000
Income tax		
- (over)/under provision in respect of prior financial years	(12)	47
Deferred income tax		
- current financial year	4,245	3,933
- under provision in respect of prior financial years		21
	4,245	3,954
Withholding tax (refund)/paid	(347)	83
Total income tax expense recognised in profit or loss	3,886	4,084

For the financial year ended 31 August 2021

## **26. Income tax expense** (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore statutory income tax rate of 17% (2020: 17%) to profit before income tax as a result of the following differences:

	Group	
	2021	2020
	\$'000	\$'000
Profit before income tax	38,604	38,736
Income tax expense at Singapore statutory income tax rate	6,563	6,585
Tax effect of income not subject to income tax	(68)	(119)
Tax effect of expenses not deductible for income tax purposes	687	653
Deferred tax assets not recognised	148	58
Effect of different tax rates in other countries	(3,076)	(3,260)
Withholding tax (refunded)/paid	(347)	83
(Over)/Under provision in respect of prior financial years		
- income tax	(12)	47
- deferred tax	-	21
Others	(9)	16
_	3,886	4,084

## Unrecognised deferred tax assets

The movements of unrecognised deferred tax assets are as follows:

	Group	
	2021	2020
	\$'000	\$'000
At beginning of the financial year	195	137
Amount not recognised during the financial year	148	58
At end of the financial year	343	195

The unrecognised deferred tax assets arise from the following temporary differences:

	Group	
	2021 \$'000	2020 \$'000
Excess of tax written value over net book value	84	134
Unutilised tax losses	175	56
Other deductible temporary difference	84	5
	343	195

The above excess of tax written value over net book value, unutilised tax losses and other deductible temporary difference are available for set-off against future taxable profits subject to the agreement by relevant taxation authorities. The accelerated tax depreciation, unutilised tax losses and other deductible temporary difference may be carried indefinitely subject to the conditions imposed by law.

For the financial year ended 31 August 2021

## **26. Income tax expense** (Continued)

## Unrecognised deferred tax assets (Continued)

The above deferred tax assets have not been recognised as it is uncertain that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the consolidated financial statements of the Group in accordance with the accounting policy in Note 2.18 to the financial statements.

## 27. Earnings per share

Basic earnings per share is calculated by dividing the earnings for the financial year attributable to owners of the parent by the actual number of ordinary shares during the financial year.

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Group is based on the following data:

	2021	2020
Numerator		
Profit attributable to equity holder of parent (\$'000)	34,718	34,652
Denominator		
Weighted average number of ordinary shares ('000)	29,905	29,905
Earnings per share (in cents)		
Basic and diluted	116.093	115.873

The Group did not have any dilutive potential ordinary shares in the current or previous financial years.

## 28. Dividends

	Group and Company	
	2021	2020
	\$'000	\$'000
Final tax-exempt dividend of \$0.03 per ordinary share in respect of the financial year ended 31 August 2019	-	897
Special tax-exempt dividend of \$0.30 per ordinary share in respect of the financial year ended 31 August 2020	8,972	-
Final tax-exempt dividend of \$0.03 per ordinary share in respect of the financial year ended 31 August 2020	897	-
Interim tax-exempt dividend of \$0.02 per ordinary share in respect of the financial year ended 31 August 2021	598	_
	10,467	897

Annual Report 2021 | Shinvest Holding Ltd.

91

For the financial year ended 31 August 2021

## **28. Dividends** (Continued)

The Board of Directors of the Company has proposed a final tax-exempt (one-tier) cash dividend of 3.0 cents per ordinary share in respect of profit for the financial year ended 31 August 2021. This would amount to a pay out of approximately \$0.897 million based on the number of issued shares as at 31 August 2021. The tax-exempt dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in the shareholders' equity in the financial year ending 31 August 2022.

## 29. Capital commitments

As at the end of financial year, the Group had the following capital commitments:

	Gro	up
	2021	2020
	\$'000	\$'000
Purchase of computer software and equipment contracted but		
not provided for		85

## 30. Significant related party transactions

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed by and between the parties:

	Grou	Group		any
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
With related parties				
Loan to a joint venture	-	200	-	200
Interest income from a joint venture * Salaries and other benefits to	3	4	3	4
related party	168	172	-	-

<sup>\*</sup> The related party is close family member of certain directors of the Company.

	Company	
	2021	
	\$'000	\$'000
With subsidiaries		
Loans from a subsidiary	1,487	4,759
Loans to a subsidiary	7,534	-
Management services income	180	180
Rental expenses	24	24
Grant income from rental rebate	-	1
Payment on behalf for subsidiaries	(13)	(13)
Payment on behalf by subsidiaries	64	35

For the financial year ended 31 August 2021

## **30.** Significant related party transactions (Continued)

The outstanding balances as at 31 August with subsidiaries are disclosed in Notes 11 and Note 14 to the financial statements.

## Compensation of key management personnel

Key management personnel are Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group's key management personnel are the Directors of the Company and subsidiaries and Head of Functions.

The remuneration of key management personnel of the Group and the Company during the financial year is as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Directors' fee	90	90	90	90
Short-term benefits	4,549	4,509	3,476	3,670
Post-employment benefits	89	104	46	54
	4,728	4,703	3,612	3,814

The remuneration of Directors during the financial year is as follows:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Directors of the Company				
Directors' fee	90	90	90	90
Short-term benefits	3,293	3,351	3,293	3,531
Post-employment benefits	23	28	23	28
	3,406	3,469	3,406	3,469
Directors of subsidiaries				
Short-term benefits	1,073	839	-	-
Post-employment benefits	43	49	-	
	1,116	888		
	4,522	4,357	3,406	3,469

## 31. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segment.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

For the financial year ended 31 August 2021

## 31. Segment information (Continued)

Income taxes are managed by management of the respective entities within the Group.

There is no change from prior periods in the measurement methods used to determine reported segment results.

The accounting policies of the operating segments are the same as those described in the significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before income tax expense, not including non-recurring gains and losses.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### Intersegment sales

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Inter-segment pricing is determined on an arm's length basis.

### **Business** segments

The Group is organised into strategic business units ("SBU"), catering to the need of different customer segments. The SBUs are:

- (i) Trading of hardware and fasteners
  - (a) Retail
    - operates two retail shops in Singapore and partners with other hardware distributors, stockists and retail hardware stores in Singapore to reach the small and medium enterprises.
  - (b) Original equipment manufacturing ("OEM")
    - serves a wide spectrum of manufacturing sectors in Singapore. The customers are mainly from the machine manufacturing and assembly, automation assembly, electronic assembly, metal stamping, construction building, shipyard and aerospace aviation industries.
  - (c) Export
    - manages overseas customers, mainly distributors and traders, and provides freight and shipment services.
- (ii) Others
  - Investment holding.

## **Financial Statements** Notes to the

For the financial year ended 31 August 2021

Segment information (Continued) 31.

Business segments (Continued)

	Trading	Trading of hardware and fasteners	and fasteners		Others	Eliminations Consolidated	Consolidated
	Retail	OEM	Export	Total			
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
2021							
Revenue							
External operating revenue	4,817	2,848	6,452	14,117	•	1	14,117
Inter-segment sales	•	•	•	•	1	•	
Total revenue	4,817	2,848	6,452	14,117		•	14,117
Segment results	200	28	13	241	38,732	1	38,973
Interest income	*	*	*	*	6	ı	6
Finance costs	(88)	(75)	(81)	(245)	(42)	1	(287)
Share of loss of a joint venture			•		(91)	•	(91)
Profit/(Loss) before tax	111	(47)	(89)	(4)	38,608	•	38,604
Income tax credit/(expense)	2	4	4	13	(3,899)	•	(3,886)
Profit/(Loss) for the year	116	(43)	(64)	6	34,709	•	34,718
Segment assets				26,556	208,876	(29,122)	206,310
Segment liabilities				13,847	25,376	(9,259)	29,964
Additions to non-current assets							

III-70

180

412

180

Property, plant and equipment

Right-of-use assets

<sup>\*</sup> denotes amounts less than \$1,000

# Notes to the

96

# **Financial Statements**

For the financial year ended 31 August 2021

Segment information (Continued) 31.

Business segments (Continued)

Trading of hardware and fasteners Retail OEM Export	000.\$ 000.\$ 000.\$						int venture	eceivables, net	net			
		2021	Significant non-cash items	Amortisation of right-of-use assets	Depreciation of investment property	Depreciation of property, plant and equipment	Impairment loss on investment in a joint venture	Reversal of loss allowance on other receivables, net	Loss allowance on trade receivables, net	Inventories written off	Reversal of inventories write-down	Minister of a contract of the

377 39 181 181 (41) 170 42 (257)

(257),044

281 39 2 343 (41)

\$,000

\$,000

Total \$'000

Others Consolidated

Shinvest Holding Ltd. | Annual Report 2021

## **Financial Statements** Notes to the

For the financial year ended 31 August 2021

Segment information (Continued) 31.

Business segments (Continued)

	Tradir	Trading of hardware and fasteners	and fasteners		Others	Eliminations Conso	Conso
	Retail	OEM	Export	Total			
2020	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	
Revenue							
External operating revenue	4,336	2,336	5,897	12,569	•	1	
Inter-segment sales	•				•	•	
Total revenue	4,336	2,336	5,897	12,569	•	•	
Segment results	159	(67)	228	320	38,882	•	
Interest income	*	*	*	*	4	•	
Finance costs	(137)	(111)	(117)	(365)	(38)	1	
Share of loss of a joint venture			-	-	(67)	-	
Profit/(Loss) before tax	22	(178)	111	(45)	38,781	•	
Income tax expense	(17)	(17)	(17)	(51)	(4,033)	•	
Profit/(Loss) for the year	5	(195)	94	(96)	34,748	1	
Segment assets				29,708	191,785	(27,329)	
Segment liabilities				16,501	32,977	(7,409)	
Additions to non-current assets Property, plant and equipment			,	212	•	•	

12,569

\$,000

olidated

12,569

39,202

(403) (67)

38,736 (4,084) 34,652 194,164 42,069 212 145

145

\* denotes amounts less than \$1,000

Right-of-use assets

For the financial year ended 31 August 2021

31. Segment information (Continued)

Business segments (Continued)

	Tradin	Trading of hardware and fasteners	and fasteners		Others	Others Consolidated
	Retail	OEM	Export	Total	000.	0000
2020	0000	000 \$	000 \$	000 \$	000 %	000 \$
Significant non-cash items						
Amortisation of right-of-use assets	•			111	220	331
Depreciation of investment property	•				39	39
Depreciation of property, plant and equipment	•			83	2	85
Impairment loss on right-of-use assets	•			66		66
Loss allowance (reversed)/made on other receivables, net	•	1		(11)	129	118
Loss allowance on trade receivables, net	,			1	ı	1
Inventories written off				39		39
Reversal of inventories write-down	•			(208)	•	(208)
Write-down for inventories obsolescence				386		386

98

Shinvest Holding Ltd. | Annual Report 2021

For the financial year ended 31 August 2021

## 31. Segment information (Continued)

### Geographical information

The Group's business segments operate in four main geographical areas. Sales revenue is based on the country in which goods are delivered and services are provided.

	Singapore \$'000	Indonesia \$'000	Malaysia \$'000	China \$'000	*Others \$'000	Consolidated \$'000
<b>2021</b> Total revenue from	<b>7</b> 000	\$ 000	<b>7</b> 000	<b>\$</b> 000	<b>\$</b> 000	<b>7</b> 000
external customers	6,869	1,505	3,365	830	1,548	14,117
Total non-current assets	8,803	-	-	-	-	8,803
2020 Total revenue from external customers	6,043	2,403	2,886	274	963	12,569
Total non-current assets	9,261	-	-	-	-	9,261

<sup>\*</sup> Others comprise of revenues from external customers attributed to foreign countries which are individually not material.

Non-current assets consist of property, plant and equipment, right-of-use assets, investment property, investment in a joint venture, intangible assets and other receivables as presented in the statement of financial position of the Group.

## Major customers

For financial year ended 31 August 2021 and 31 August 2020, there is no customer whose revenue represents more than 10% of the Group's total revenue.

## 32. Financial instruments and financial risks

The Group's and the Company's activities expose them to credit risk, market risks (including equity price risk, foreign exchange risk and interest rate risk) and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance. The Group uses financial instruments such as foreign currency forward contracts to hedge its foreign exchange risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

For the financial year ended 31 August 2021

## 32. Financial instruments and financial risks (Continued)

### 32.1 Market risks

## (i) Equity share price risk

The Group is exposed to equity share price risk arising from the investment held by the Company which are classified as financial assets at FVTPL (Note 10). These shares are listed in Shanghai.

Equity share price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at each reporting date.

If prices for the quoted equity shares had increased by 20% (2020: 10%) with all other variables including tax rate held constant, the effect on profit after tax would have been approximately \$25,000,000 (2020: \$14,000,000). A 20% (2020: 10%) decrease in their value would, on the same basis, have decreased the profit after tax by the same amount.

## (ii) Foreign currency risk

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the respective entities' functional currency. The Group operates and/or sell their products/services in several countries other than Singapore and transacted in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to United States dollar and Chinese Renminbi.

## **Financial Statements** Notes to the

For the financial year ended 31 August 2021

# Financial instruments and financial risks (Continued) 32.

# 32.1 Market risks (Continued)

# Foreign currency risk (Continued) (ii)

The Group's exposure from foreign currency denominated monetary assets and monetary liabilities as at the end of the financial year is as follows:

	Currency	\$,000			254	(11)	10,842	(9)	11,079
	Net assets denominated in the respective entities' functional	\$,000		11,560					11,560
	Net financial assets/ (liabilities)	\$,000		11,560	254	(11)	10,842	(9)	22,639
	Lease liabilities	\$,000		(1,405)		ı	ı		(1,405)
Monetary liabilities	Interest bearing liabilities	\$,000		(3,798)	ı	ı	ı	•	(3,798)
Monet	Trade and other	\$,000		(3,078)	(283)	(11)	(242)	(9)	(3,620)
Monetary assets	Cash and bank balances	\$,000		16,964	489	1	11,082	•	28,535
Monetar	Trade and other receivables#	\$,000		2,877	48		2		2,927
			Group 2021	Singapore dollar	United States dollar	Euro	Chinese Renminbi	Others	

<sup>#</sup> excluding advance payment to suppliers and VAT receivable. ^ excluding advance payment from customers, GST payable and VAT payable.

# **Financial Statements** Notes to the

For the financial year ended 31 August 2021

Financial instruments and financial risks (Continued) 32.

32.1 Market risks (Continued)

Foreign currency risk (Continued) (ii)

		Currency	\$,000		1	(2,235)	(4)	(198)	*	(2,437)
	Net liabilities denominated in the	entities' functional currencies	\$,000		(13,828)	1	ı	1	ı	(13,828)
	Ü	Net financial liabilities	\$,000		(13,828)	(2,235)	(4)	(198)	*	(16,265)
		Lease liabilities	\$,000		(1,293)	ı	1	ı		(1,293)
Monetary liabilities		Interest bearing liabilities	\$,000		(8,940)	(1,803)		1		(10,743)
Mone		Trade and other payables^	\$,000		(6,564)	(466)	(4)	(198)	*	(7,232)
tary assets		Cash and bank balances	\$,000		98	20		*		106
Monetar		Trade and other receivables#	\$,000		2,883	1		ı	•	2,897
				Group 2020	Singapore dollar	United States dollar	Euro	Chinese Renminbi	Others	11

\* denotes amounts less than \$1,000

# excluding non-current deposit, advance payment to suppliers, grant receivables and GST receivable. ^ excluding advance payment from customers, GST payable, deferred grant income and VAT payable.

# **Financial Statements** Notes to the

For the financial year ended 31 August 2021

# Financial instruments and financial risks (Continued) 32.

32.1 Market risks (Continued)

Foreign currency risk (Continued) (ii)

	Currency exposure \$'000			436	10,842	11,278		ı	(422)	(198)	(620)
Net assets/ (liabilities) denominated in the respective	entities' functional currencies \$'000		17,263	•	-	17,263		(8,394)			(8,394)
Z Zet	financial assets/ (liabilities) \$'000		17,263	436	10,842	28,541		(8,394)	(422)	(198)	(9,014)
ssets	Lease liabilities \$'000		(514)	•	-	(514)		(312)	1	-	(312)
Monetary assets	Trade and other payables \$		(2,508)		(242)	(2,750)		(8,324)	(422)	(198)	(8,944)
issets	Cash and bank balances		15,785	436	11,082	27,303		5	ı	*	2
Monetary assets	Trade and other receivables#		4,500	•	2	4,502		237		•	237
		Company 2021	Singapore dollar	United States dollar	Chinese Renminbi		2020	Singapore dollar	United States dollar	Chinese Renminbi	

<sup>\*</sup> denotes amounts less than \$1,000 # excluding grant receivables, GST receivable and VAT receivable. ^ excluding deferred grant income and VAT payable.

For the financial year ended 31 August 2021

#### 32. Financial instruments and financial risks (Continued)

#### 32.1 Market risks (Continued)

#### (ii) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table details the sensitivity to a change of 3% (2020: 3%) in United States dollar and Chinese Renminbi against Singapore dollar. The results of the sensitivity analysis were not significant for currencies other than the United States dollar and Chinese Renminbi.

The sensitivity analysis assumes an instantaneous 3% (2020: 3%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items are included in the analysis.

	Increase/(Decr Profit or lo	
Group	2021 \$'000	2020 \$'000
United States dollar - strengthens against Singapore dollar	8	(67)
- weakens against Singapore dollar	(8)	67
Chinese Renminbi		
- strengthens against Singapore dollar	325	(6)
- weakens against Singapore dollar	(325)	6

As at end of the financial year, the Company does not have any significant exposure to foreign currency risk in respect of the United States Dollar, and the exposure to Chinese Renminbi is the same as at Group level. As such, a foreign currency sensitivity analysis at Company level has not been presented.

#### (iii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to bank borrowings with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from term loans and other bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

As at 31 August 2021, the Group does not have any exposure to significant interest rate risk as its interest bearing liabilities and lease liabilities are subject to fixed interest rates. As at 31 August 2020, the Group's exposure to interest rate risk is primarily attributable to interest bearing liabilities as shown in Note 15 to the financial statements. The Group does not use derivative financial instruments to hedge its interest rate risk.

For the financial year ended 31 August 2021

#### 32. Financial instruments and financial risks (Continued)

#### 32.1 Market risks (Continued)

#### (iii) Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year.

If interest rate had been 50 (2020: 50) basis points lower/higher with all other variables held constant, the Group's profit or loss would have been higher/lower by approximately \$Nil (2020: \$30,000), arising mainly as a result of lower or higher interest expense on floating rate loans and borrowings.

As at end of the financial year, the Company does not have any exposure to significant interest rate risk as its lease liabilities are subject to fixed interest rates. As such, an interest rate sensitivity analysis at Company level has not been presented.

#### 32.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

At each reporting date, the Group's and the Company's maximum exposure to credit risk were represented by the carrying amount of the financial assets on the statement of financial position except for the financial guarantees given by the Company for bank facilities granted to a subsidiary (2020: a subsidiary and a third party) as disclosed in Note 32.3 to the financial statements.

The Group's major classes of financial assets are cash and bank balances, and trade and other receivables and FVTPL investments in equity shares.

The Group's exposure to credit risk is largely dependent on the credit quality of its trade and other receivables, which in turn, is mainly influenced by the individual characteristic of each customer. The default risk of the industry and country in which the customers operate also has an influence on credit risk. The Group had significant credit exposure arising from one (2020: one) major customer representing 2.6% (2020: 4.4%) and five (2020: five) largest customers representing 30.7% (2020: 42.1%) of total trade receivables as at 31 August 2021 which is considered to be manageable.

#### Trade receivables

Expected credit loss assessment for trade receivables

The Group determines expected credit losses on trade receivables from third parties by making individual assessment of expected credit loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, past due status of the trade receivables and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors.

105

For the financial year ended 31 August 2021

#### 32. Financial instruments and financial risks (Continued)

#### 32.2 Credit risk (Continued)

Trade receivables (Continued)

Expected credit loss assessment for trade receivables (Continued)

The expected credit loss in the provision matrix is computed based on historical data and credit assessment including forward-looking information which management is of the view that customer conditions are representative at the reporting date.

The following table provides information about the exposure to credit risk and expected credit loss for third parties trade receivables:

	Gross			Total
	carrying	Loss	Credit	loss
	amount	allowance	impaired	allowance
	\$'000	\$'000	\$'000	\$'000
Group				
2021				
Not due	1,638	-	-	-
Past due for 1 to 30 days	531	6	-	6
Past due for 31 to 60 days	460	11	-	11
Past due for 61 to 90 days	145	5	-	5
Past due over 90 days	481	32	299	331
	3,255	54	299*	353
2020				
Not due	647	-	-	-
Past due for 1 to 30 days	628	5	1	6
Past due for 31 to 60 days	487	4	4	8
Past due for 61 to 90 days	83	4	1	5
Past due over 90 days	1,023	157	31	188
	2,868	170	37*	207

<sup>\*</sup> This amount of \$299,000 (2020: \$37,000) relates to credit-impaired balances from customers who are likely not to repay the outstanding balances mainly due to economic circumstances.

#### Non-trade amounts due from third parties

The Group has assessed credit risk for non-trade amounts due from third parties based on 12-month expected loss basis which reflects the increased in credit risk exposures. The Group monitors and assesses at each reporting date on any indicator of significant increase in credit risk on non-trade receivables due from third parties (Note 11). In measurement of the ECL, impairment provisions are recognised based on a forward looking expected credit loss model and historical payment patterns of non-trade amount due from third parties. At the end of the financial year, the Group has assessed their financial performance to meet the contractual cash flow obligations and is of the view that expected credit loss allowance for non-trade amounts due from the third parties is insignificant except for loss allowance on non-trade amount due from certain third parties of approximately \$88,000 (2020: \$129,000) which are related to credit-impaired balances from dormitory tenants who are unlikely to repay the outstanding balances mainly due to economic circumstances.

For the financial year ended 31 August 2021

#### 32. Financial instruments and financial risks (Continued)

#### 32.2 Credit risk (Continued)

#### Non-trade amounts due from a subsidiary and a joint venture

Management has taken into account information that it has available internally about the past, current and expected operating performance and cash flow position of a subsidiary and a joint venture (Note 9). Management monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amount due from a subsidiary (2020: a subsidiary and a joint venture), by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the subsidiary and joint venture have sufficient liquid assets to repay their debts and subject to immaterial credit loss.

The loan extended to a joint venture in the previous financial year has been repaid during the current financial year .

#### Cash and bank balances

Credit risk arises from balances held with banks. The Group substantially placed its cash and bank balances in 4 banks (2020: 4 banks) which represent 99.96% (2020: 87.74%) of the Group's cash and bank balances as at 31 August 2021.

The Board of Directors monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances have been measured based on 12-month expected credit loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties which are banks assigned with investment grade ratings range between Aa1 to A3 by international credit-rating agencies.

#### 32.3 Liquidity risk

Liquidity risk refers to the risk of the Group and the Company encountering difficulties in meeting their short-term obligations. Liquidity risk is managed by matching the payment and receipt cycles.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and ensuring that the Group and the Company in question has the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management aims at maintaining a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At Group and Company levels, the Company has given financial guarantees to banks for banking facilities granted to a subsidiary and a third party (former subsidiary) as disclosed in the tables below.

For the financial year ended 31 August 2021

#### 32. Financial instruments and financial risks (Continued)

#### 32.3 Liquidity risk (Continued)

The following tables detail the Group's and the Company's contractual maturity analyses for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to make payment. The table includes both expected interests and principal cash flows.

	Not later than one year \$'000	Later than one year and not later than five years \$'000	Later than five years \$'000	Total \$'000
Group				
2021				
Financial liabilities				
Non-interest bearing	2 442	178		2 420
<ul> <li>trade and other payables*</li> <li>Interest bearing liabilities</li> </ul>	3,442	170	-	3,620
- fixed	1,071	2,929	_	4,000
Lease liabilities	200	576	949	1,725
	4,713	3,683	949	9,345
2020 Financial liabilities Non-interest bearing - trade and other payables*	7,037	195	-	7,232
Interest bearing liabilities				
- fixed	1,072	4,000	-	5,072
- variable	4,771	1,096	794	6,661
Lease liabilities	147	485	1,002	1,634
	13,027	5,776	1,796	20,599
Financial guarantee contracts issued for a third party (former subsidiary)	13	_	-	13
(		-		

<sup>\*</sup> excluding advance payment from customers, GST payable, deferred grant income and VAT payable.

For the financial year ended 31 August 2021

#### 32. Financial instruments and financial risks (Continued)

#### **32.3 Liquidity risk** (Continued)

		Later than one year and		
	Not later	not later		
	than	than	Later than	Tital
	one year	five years	five years	Total \$'000
	\$'000	\$'000	\$'000	\$ 000
Company 2021				
Financial liabilities				
Non-interest bearing				
- other payables*	2,572	178	-	2,750
Lease liabilities	81	244	292	617
	2,653	422	292	3,367
Financial guarantee contracts issued for:				
- a subsidiary	3,936	-	-	3,936
2020				
Financial liabilities				
Non-interest bearing				
- other payables*	8,749	195	-	8,944
Lease liabilities	24	96	284	404
	8,773	291	284	9,348
Financial guarantee contracts issued for:				
- a third party	43			43
(former subsidiary)	13	-	-	13 017
- a subsidiary	12,017	<del>-</del> _	<u> </u>	12,017
	12,030	<del>-</del>	<del>-</del>	12,030

<sup>\*</sup> excluding deferred grant income and VAT payable.

The disclosed amounts for the financial guarantee contracts represent the maximum amount and at the earliest period for which the Company could be called upon by the banks to pay should the third party (former subsidiary) and subsidiary as mentioned above default on repayments.

The Group's and the Company's operations are financed mainly through equity and debts. Adequate lines of credit are maintained to ensure that liquidity is available as and when required.

The repayment terms of the Group's and the Company's interest bearing liabilities and lease liabilities are disclosed in Note 15 and Note 16 to the financial statements.

For the financial year ended 31 August 2021

#### 33. Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balances.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising share capital (Note 19) and retained earnings as disclosed in the consolidated statement of changes in equity.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's overall strategy remains unchanged from the last financial year.

The management monitors capital based on gearing ratios. A subsidiary is also required by the banks to maintain a gearing ratio not exceeding 300% (2020: 300%) and a minimum consolidated tangible net worth of not less than \$25 million (2020: \$25 million) throughout.

The Group is in compliance with the above externally imposed capital requirements for the financial years ended 31 August 2021 and 31 August 2020.

The gearing ratio is calculated as net debt divided by total capital plus net debt. The Group and the Company include within net debt, trade and other payables, interest bearing liabilities and lease liabilities less cash and bank balances. Capital consists of equity attributable to the owners of the parent.

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	10,431	14,305	9,429	15,743
Interest bearing liabilities	3,798	10,743	-	-
Lease liabilities	1,405	1,293	514	312
Less: Cash and bank balances	(28,535)	(106)	(27, 303)	(5)
_	(12,901)	26,235	(17,360)	16,050
Equity attributable to owners of				
the parent	176,346	152,095	179,044	154,387
Net debt	-	26,235	-	16,050
Capital and net debt	176,346	178,330	179,044	170,437
Gearing ratio (%)	-	15		9

For the financial year ended 31 August 2021

#### 34. Fair value of financial assets and financial liabilities

The Group and the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Fair value of financial instruments that are not carried at fair value

The carrying amounts of trade and other receivables, cash and bank balances, trade and other payables, current interest bearing liabilities approximate their respective fair values due to the relative short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

Management estimates that the carrying amounts of non-current interest bearing liabilities to approximate its fair value as disclosed in Note 15 to the financial statements.

#### Fair value of financial instruments that are carried at fair value

The fair value of financial assets at FVTPL and derivative financial instruments are disclosed in Note 10 and Note 17 to the financial statements respectively.

Financial instruments carried at fair value classified by level of fair value hierarchy are as follows:

	Fair value measurement using				
	Level 1	Level 3			
	\$'000	\$'000	\$'000		
Group					
2021					
Financial assets					
Financial assets at FVTPL					
- Quoted equity shares	152,083	-			
2020					
Financial assets/(liabilities)					
Financial assets at FVTPL					
- Quoted equity shares	166,682	-	-		
Derivative financial instruments		(34)	-		

There were no transfers between levels during the financial year.

The derivative financial instruments are not traded in an active market. The management determines the fair value of derivative financial instruments through the valuation based on bankers' quotations. The key inputs to the calculation are the foreign exchange spot and forward rates.

Annual Report 2021 | Shinvest Holding Ltd.

For the financial year ended 31 August 2021

#### 35. Contingent liabilities

As at the end of the financial year, there were contingent liabilities in respect of corporate guarantees of \$29,005,000 (2020: \$29,954,000) given by the Company for credit facilities granted to the Group's subsidiary (2020: subsidiary and a third party). The maximum amount that the Group and the Company could be forced to settle under the corporate guarantee if the full guaranteed amount is claimed by the counterparty to the guarantee, is approximately \$Nil (2020: \$13,000) and \$3,936,000 (2020: \$12,030,000) respectively.

As at the end of the financial year, the Group and the Company have not recognised any liability in respect of the guarantee given to the banks for banking facilities granted as the Directors have assessed that the likelihood of defaulting on repayment of its loans is remote.

#### 36. Impact of novel coronavirus ("Covid-19") on the Group's and Company's operations

During the outbreak of Covid-19 pandemic, many countries have imposed travel restrictions, border controls and quarantines to halt the spread of the virus. Following the outbreak of Covid-19 pandemic, Singapore has announced stay-at-home orders and closure of non-essential businesses (circuit breaker measures). The Group was likewise affected as the customers especially from the construction sector had to halt operations during the circuit breaker period.

Uncertainty over the duration, scale and long-term impact of the pandemic could further dampen the economic growth and adversely impact the demand for dormitory space, sales of hardware and fasteners, and market price of FVTPL financial instrument. The Management is closely monitoring the development of COVID-19 including the guidelines and/or regulations provided by the authorities and assess its impact on the Group's operations continuously. The Group is tightening its account receivables review, dunning activities and close monitoring on customers' credit rating and ability to repay.

Given the fluidity of the Covid-19 pandemic, the full impact of the pandemic to the Group's and the Company's performance for the year ending 31 August 2022 cannot be ascertained as at the date of these financial statements. The Company is not aware of any material impact on these financial statements arising from the Covid-19 pandemic. Notwithstanding this, management has assessed that the Group and the Company is still able to maintain sufficient liquidity to enable the Group and the Company to continue as a going concern for at least the next 12 months from the date of these financial statements. To further buttress the Group against expected changes, the Group had secured temporary financing lines from banks to support the Group's working capital needs as and when required.

#### 37. Event subsequent to the reporting date

As at the date of these financial statements, a total number of 637,149 shares in Espressif Systems (Shanghai) Co., Ltd. ("Espressif") had been disposed for a total consideration of RMB120,475,000 (approximately \$25,761,000). The loss from the disposal of the financial assets at FVTPL inclusive of VAT payables, brokerage fees and withholding tax approximates to \$2,000,000.

#### **APPENDIX IV**

### PROFIT GUIDANCE FOR THE HALF YEAR FINANCIAL RESULTS ENDED 28 FEBRUARY 2022

#### SHINVEST HOLDING LTD.

(Incorporated in the Republic of Singapore on 16 December 1989) (Company Registration No. 198905519R)

#### PROFIT WARNING FOR THE HALF YEAR FINANCIAL RESULTS ENDED 28 FEBRUARY 2022

The Board of Directors (the "Board") of Shinvest Holding Ltd. (the "Company" and together with its subsidiaries, the "Group") deems it appropriate to announce after a preliminary assessment of the Group's unaudited financial results for the First Half of the Financial Year Ending 31 August 2022 (the "1H FY2022"), that the Group is expected to report a significant loss (Profit before Tax) for the 1H FY2022 compared to a profit for the full year result for the financial year ended 31 August 2021 mainly due to the following reasons:—

- (1) With the adoption of SFRS(I) 9 on 1 September 2018, all fair value changes for the investments in quoted equity shares will be recognised in profit or loss, along with any related deferred tax expense.
- (2) The Company is currently holding 3.499% equity shares in Espressif Systems (Shanghai) Co., Ltd. ("Espressif Shanghai") and its closing market price on 28 February 2022 (last trading day in February 2022) was RMB 168.58 per share which is lower than its previous closing market price of RMB 212.45 per share on 31 August 2021.

Further information of the Group's financial performance will be provided when the Group releases its unaudited financial results for 1H FY2022 on or before 13 April 2022.

By Order of the Board Teo Teck Leong Managing Director

1 March 2022

#### **APPENDIX V**

#### SELECTED TEXTS FROM THE COMPANY'S CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are reproduced in italics below.

All capitalised terms used in the extracts below shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at the registered office of the Company at 3 Kian Teck Crescent Singapore 628881 during normal business hours for the period during which the Offer remains open for acceptance.

# (A) RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL SHARE CAPITAL AND VARIATION OF RIGHTS

#### 5. Issue of shares

Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in general meeting. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, any such shares may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, redemption or otherwise, as the Directors, subject to any ordinary resolution of the Company may determine;

#### Provided always that:-

- (i) no shares shall be issued at a discount, except in accordance with the Act or as permitted under the listing rules of the Stock Exchange;
- (ii) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the Company in a general meeting; and
- (iii) the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time.

The Company may issue shares for which no consideration is payable to the Company.

#### 6. <u>Variation of rights</u>

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class, the Statutes, preference capital, other than redeemable preference capital) may, whether or not the Company is being wound up, be repaid, varied, or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. 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 one-third of the issued shares of the class and that 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 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 meeting shall be as valid and effectual as a special resolution carried at the meeting.

#### 7. <u>Creation or issue of further shares with special rights</u>

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, be deemed to be varied by the creation or issue of further shares ranking equally with, or in priority to such shares.

#### 8. Rights of preference shareholders

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking of the Company, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six months.

#### 9. Company may purchase its own shares

Subject to and in accordance with the provisions of the Statutes, the Company may purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Statutes. 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 of 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 (including without limitation, to hold such share as a treasury share).

#### 10. Power to charge interest on capital

Where any shares 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 lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in the Act and may charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant.

#### 11. Power to pay commission and brokerage

The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of 10 per cent. of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent. of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful. Any expenses (including brokerage or commission) incurred directly by the Company in relation to the issue of new shares in accordance with this Constitution may be paid out of the proceeds of such issue of new shares or the Company's share capital. Such payment shall not be taken as a reduction of the amount of share capital of the Company.

#### 12. Exclusion of equities

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 be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit 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) 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.

#### SHARE CERTIFICATE

#### 13. Entitlement to certificate

- (a) The Company shall allot its shares and despatch share certificates relating thereto within 10 market days (or such longer period of time as the Stock Exchange may determine) of the final closing date for applications to subscribe for an issue of its shares. The Directors may, at any time after the allotment (whether on a provisional basis or otherwise) of any share but not before any person has been entered in the Register of Members as the holder or (as the case may be) before that share has been entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
- (b) Every person whose name is entered as a member in the Register of Members shall be entitled without charge to receive within 10 market days of the closing date of any application for shares (or such other period of time as the Stock Exchange may determine) or within 15 market days after the date of lodgment of a registrable transfer (or such other period of time as the Stock Exchange may determine) one certificate for all his shares of any one class, or upon payment of \$\$2.00 (or such lesser sum as the Directors shall from time to time determine) several certificates in reasonable denominations in respect of shares of any one class. Where a member transfers part only of the shares comprised in a certificate, one new certificate for the balance of such shares shall be issued in lieu of the old certificate without charge. In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery thereof to one of several joint holders shall be sufficient delivery to all such holders.

#### 14. Form of share certificate

Subject to the provisions of the Statutes, every certificate of title to shares 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. Every certificate shall bear the autographic or facsimile signatures of one Director and the Secretary or a second Director or some other person authorised by the Directors for the purpose and shall specify the number and class of shares to which it relates and the amounts paid thereon. The facsimile signatures may be reproduced by mechanical, electronic or other method approved by the Directors. No single certificate shall be issued representing shares of more than one class.

#### 15. Replacement of certificate

Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser or member of the Stock Exchange on behalf of its client, as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2.00 as the Directors may from time to time require. In the case of the certificate being destroyed, lost or stolen a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigation by the Company of the evidence of such destruction or loss.

#### **JOINT HOLDERS OF SHARES**

#### 16. Rights and liabilities of joint holders

Where 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 following provisions:-

- (a) the Company shall not be bound to register more than three persons as the registered joint holders of any share, except in the case of executors, administrators or trustees of the estate of a deceased shareholder;
- (b) the joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share;
- (c) on the death of any one of such joint holders 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 may deem fit;
- (d) any one of such joint holders may give effectual receipts for any dividend payable to such joint holders; and
- (e) only the person whose name stands first in the Register of Members or (as the case may be) the Depository Register 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 and any notice given to such person shall be deemed notice to all the joint holders.

#### LIEN

#### 17. <u>Company's lien</u>

The Company shall have a first and paramount lien on shares and dividends from time to time declared in respect of such shares but 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 amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member; but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Regulation.

#### 18. Sale of shares subject to lien

The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

#### 18A. Certificate of shares to be delivered to the Company

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.

#### 19. Rights of purchaser of such shares

To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered in the Register of Members, or (as the case may be) the Company shall procure that his name be entered in the Depository Register, as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

#### 20. Application of proceeds of such sale

If any shares are forfeited and sold, the proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and accrued interest and expenses, and the residue, if any, shall be paid to the person entitled to the shares at the date of the sale, or his executors, administrators or assignees or as he may direct.

#### **CALLS ON SHARES**

#### 21. Calls on shares

The Directors may from time to time make calls upon the members in respect of any money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed one fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least 14 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.

#### 22. Time when made

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.

#### 23. Interest on calls

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 the sum 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 8 per cent. per annum as the Directors may determine and shall also pay all costs, charges and expenses which the non-payment of such call or instalment, but the Directors shall be at liberty to waive payment of that interest, cost, charges or expenses, wholly or in part.

#### 24. Sum due on allotment

Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, 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 the sum had become payable by virtue of a call duly made and notified.

#### 25. Rights of members suspended until calls are duly paid

No member shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

#### 26. Power to differentiate

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.

#### 27. Payment in advance of calls

The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the money uncalled and unpaid upon any shares held by him, and upon all or any part of the money so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) 8 per cent. per annum as may be agreed upon between the Directors and the member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.

#### TRANSFER OF SHARES

#### 28. Form of transfer

Subject to this Constitution any member may transfer all or any of his shares. Every transfer must be in writing and in the form approved by the Directors and the Stock Exchange. The instrument of transfer shall be signed by or on behalf of both the transferor and the transferee, and by the witness or witnesses thereto, provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Register of Members thereof. Shares of different classes shall not be comprised in the same instrument of transfer.

#### 29. Retention of transfer

All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

30. <u>Infant, bankrupt or person who is mentally disordered and incapable of managing himself or his</u> affairs

No share shall in any circumstances be transferred to any infant or bankrupt or person who is mentally disordered and incapable of managing himself or his affairs.

#### 31. Directors' right to decline to register transfer of shares

The Directors may decline to register any transfer of shares not being fully paid shares to a person not approved by them and may also decline to register any transfer of shares on which the Company has a lien. Save as aforesaid or where required by the Statutes, there shall be no restriction on the transfer of fully paid-up shares.

#### 32. Instrument of transfer

The Directors may decline to accept any instrument of transfer unless-:

- (a) such fee not exceeding \$2.00 as the Directors may from time to time determine is paid to the Company in respect thereof;
- (b) the instrument of transfer is duly stamped in accordance with any law for the time being in force relating to stamp duty;
- (c) the instrument of transfer is deposited at the office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it 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) such fee not exceeding \$2.00 as the Directors may from time to time determine is paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.

#### 33. <u>Directors' refusal to transfer shares</u>

If the Directors shall refuse to register the transfer of any share, they shall within 10 market days after the date on which the transfer was lodged with the Company serve on the transferor and transferee a notice in writing stating the reasons justifying the refusal and a notice of refusal as required by the Statutes.

#### 34. Register of Transfer

The Company shall maintain a Register of Transfers which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer of shares. The Register of Transfers may be closed at such times and for such periods as the Directors may from time to time determine provided always that it shall not be closed for more than 30 days in the aggregate in any year, and that the Company shall give prior notice of each such closure as may be required to the Stock Exchange, stating the period and purpose or purposes for which the closure is made.

#### TRANSMISSION OF SHARES

#### 35. Transmission on death

In case of the death of a member the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares and in the case of the death of a member who is a Depositor, the survivors or survivor where the deceased was a joint holder, and the executor 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 person(s) recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder from any liability in respect of any share jointly held by him with other persons.

#### 36. Persons becoming entitled on death or bankruptcy of member

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member 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 to have some person nominated by him registered as the transferee thereof, 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 that member before his death or bankruptcy.

#### 37. Rights of persons becoming entitled on death or bankruptcy of member

If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered 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 death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

#### 38. Rights of unregistered executors and trustees

Where the registered holder of any share dies or becomes bankrupt his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting, or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt except that he shall not (unless authorised by the Directors) be entitled in respect thereof to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member of the Register of Members or his name shall have been entered in the Depository Register in respect of the share; and where two or more persons are jointly entitled to any share in consequence of the death of the registered holder they shall, for the purposes of this Constitution, be deemed to be joint holders of the share.

#### **FORFEITURE OF SHARES**

#### 39. Notice requiring payment of calls

If a member fails to pay in full any call or instalment of a call 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.

#### 40. Notice to state time and place

The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which and the place where 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.

#### 41. Forfeiture on non-compliance with notice

If the requirements of any 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 the payment required by the notice has 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 shares and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

#### 42. Sale or disposition of forfeited shares

A forfeited or surrendered share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

#### 43. Rights and liabilities of person whose shares have been forfeited

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares (together with interest at the rate of 8 per cent. per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of such interest), but his liability shall cease (if any) when the Company receives payment in full of all such moneys in respect of the shares.

#### 44. Title to shares forfeited

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

#### 45. Powers of Company on sale or disposition of forfeited shares

The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered in the Register of Members, or (as the case may be) the Company shall procure that his name shall be entered in the Depository Register, as the holder of the share, and 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 in reference to the forfeiture, sale, or disposal of the share.

#### 46. Regulations as to forfeiture applicable to non-payment on shares

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, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **CONVERSION OF SHARES INTO STOCK**

#### 47. Power to convert into stock

The Company may by ordinary resolution passed at a general meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination.

#### 48. Transfer of stock

The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

#### 49. Rights of stock holders

The holders of stock shall according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not if existing in shares have conferred that privilege or advantage.

#### 50. <u>Interpretation</u>

Such of the Regulations of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

#### **ALTERATION OF CAPITAL**

#### 51. Power to increase share capital, consolidate, cancel and subdivide shares

The Company may from time to time by ordinary resolution:-

- (a) increase the share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subdivide its shares or any of them into shares (subject, nevertheless, to the provisions of the Statutes and this Constitution); so however that in the 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;
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (e) subject to the provisions of the Statutes and this Constitution, convert its share capital or any class of shares from one currency to another currency.

51A. The Company may be special resolution, subject to the provisions of the Statutes and this Constitution, convert one class of shares into any other class of shares.

#### 52. Offer of new shares

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted by the Statutes, 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 amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer may be accepted and, if not accepted, will be deemed to be declined. 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. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in accordance with this Article.

#### 53. Power to reduce share capital

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any 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, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

## (B) RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING GENERAL MEETINGS

#### 54. Annual General Meeting

An annual general meeting of the Company shall be held once in every year and not more than 4 months after the end of each financial year in the case of a public company that is listed, or not more than 6 months after the end of each financial year in the case of any other company. All general meetings other than the annual general meetings shall be called extraordinary general meetings. All general meetings shall be held in Singapore, unless prohibited by the Statutes, or such requirement is waived by the relevant Stock Exchange.

#### 55. Extraordinary General Meeting

Any Director may whenever he thinks fit convene an extraordinary general meeting, and extraordinary general meetings shall be convened on such requisition or in default may be convened by such requisitionists as provided by 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.

#### 56. Time and place of meeting

The time and place of any meeting shall be determined by the convenors of the meeting.

#### **NOTICE OF GENERAL MEETINGS**

#### 57. (1) Notice of meetings

Subject to the provision of the Act as to special resolutions, special notice and agreement for shorter notice, a meeting of the Company shall be called by 14 days' notice in writing at the least by advertisement in a daily English newspaper and in writing to any Stock Exchange. Such notice of meeting of the Company may be in an abridged version provided that such abridged version is the form approved by any Stock Exchange.

#### (2) Period and form of notice

The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting and in case of special business the general nature of the business.

#### (3) Nature of special business to be specified

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

#### (4) Notice of right to appoint proxies

In every notice calling a meeting of the Company or a meeting of any class of members of the Company there shall appear with reasonable prominence a statement as to the rights of the member to appoint proxies to attend and vote instead of the member, and that a proxy need not also be a member.

#### 58. Special business

All business shall be special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the financial statements, the Directors' statement and the report of the Auditors and all other documents required to be attached to the financial statements, the election of Directors in the place of those retiring; and the appointment and fixing of the remuneration of the auditors.

#### 59. (1) Persons who should be given notice

Notice of every general meeting shall be given in any manner authorised by this Constitution to:-

- (a) every member holding shares conferring the right to attend and vote at the meeting;
- (b) the Directors (including alternate Directors) of the Company; and
- (c) the auditors of the Company.

#### (2) Notice given to debenture holders when necessary

No other person shall be entitled to receive notices of general meetings; provided that if the meeting be called for the alteration of the Company's objects, the provisions of the Act regarding notices to debenture holders shall be complied with.

#### (3) Accidental omission to give and non-receipt of notice

The accidental omission to give notice of meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at the meeting.

#### PROCEEDINGS AT GENERAL MEETING

#### 60. Quorum

No business other than the appointment of a Chairman shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two members present form a quorum. For the purposes of this Regulation "member" includes a person attending as a proxy or as representing a corporation which is a member. Provided that:

- (a) one person attending both as a member and as a proxy or corporate representative shall not constitute a quorum;
- (b) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum;
- (c) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum; and
- (d) for the purposes of a quorum joint holders of any share shall be treated as one member.

#### 61. Adjournment if quorum not present

If within half an hour from the time appointed for a general meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine.

#### 62. Chairman

The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, the members present shall elect one of their number to be Chairman of the meeting.

#### 63. Adjournment

The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an 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 meeting.

#### 64. (A) Mandatory polling

Under the prevailing Rule 730A(2) of the Listing Manual, all resolutions at General Meeting shall be conducted by poll. Accordingly, subject to any revision to Rule 730A(2) of the Listing Manual, the Company will ensure that all resolutions at General Meetings are conducted by way of poll.

#### 65. Taking a poll

If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meeting at which the poll was demanded. The Chairman of the meeting may (and, if required by the Statutes or if so directed by the meeting, shall) appoint at least one independent scrutineer, who shall be independent of persons undertaking the polling process, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. Where such scrutineer is interested in the resolution(s) to be passed at the general meeting, it shall refrain from acting as the scrutineer for such resolution(s).

#### 66. Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

#### 67. Other business to proceed

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

#### 68. <u>Error in counting votes</u>

If at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, and be of sufficient magnitude to vitiate the result of the voting.

#### 69. Resolution by circular

Any resolution signed in writing whether by original or facsimile by all members for the time being of the Company entitled to attend and vote at general meetings of the Company shall be as valid as if it had been passed at a general meeting of the Company duly convened and held. Any such resolution may consist of several documents in like form each signed by or on behalf of one or more member. In the case of a corporate body which is a member, such resolution may be signed on its behalf by its corporate representatives or proxy or attorney duly authorised in writing to sign the resolution on its behalf.

#### **VOTES OF MEMBERS**

#### 70. Right to vote

Every member shall be entitled to be present and to vote at any general meeting either personally or by proxy in respect of any shares upon which all calls due to the Company have been paid.

#### 71. (1) Voting rights of members

Subject to any rights or restrictions as to voting for the time being attached to any class or classes of shares:-

- (a) at a meeting of members or classes of members, each member entitled to vote may vote in person or by proxy;
- (b) on a show of hands, every member present in person or by proxy, shall have one vote\_for every share in respect of which he is a member or represents (excluding treasury shares) and upon which all calls or other sums due thereon to the Company have been paid, provided that if a member is represented by two proxies, only one of the two proxies as determined by that member, or failing such determination, as the Chairman shall determine, shall entitled to vote, and 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; and
- (c) on a poll every member present in person or by proxy shall have one vote for each share he holds or represents\_(excluding treasury shares) and upon which all calls or other sums due thereon to the Company have been paid.
- (2) A member entitled to more than one vote need not use all his votes or cast all the votes used in the same way.

- (3) 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 supplied by the Depository to the Company.
- (4) Provided always that any member who shall have become bankrupt or insolvent or (being a company) gone into voluntary or compulsory liquidation (except for the purpose of reconstruction or sale to any other company) shall not while the bankruptcy or insolvency continues, be entitled to exercise the right of a member to attend, vote, or act at any meeting of the Company.

#### 72. Voting rights of joint holders

In the case of joint holders any one of such persons may vote, but if more than one of such persons shall be present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.

#### 73. Corporations acting by representatives

Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise any person to act as its representative at any general meeting of the Company or of any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation as a corporation would exercise if it were personally present at the meeting.

#### 74. Objections

No objection shall be raised to the qualification of any voter except at the meeting or adjourned 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.

#### 75. Appointment of proxies

- (A) Save as otherwise provided in the Act:
  - (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. If no proportion is specified, the Company shall be entitled to deem the appointment to be in the alternative; and
  - (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.
- (B) 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 regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) A proxy or representative need not be a member.

- (D) The instrument appointing a proxy or representative for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:
  - (a) in the case of an individual member shall be:
    - (i) signed by the appointer or his attorney if the instrument 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 member which is a corporation shall be:
    - (i) Either given under its common seal or signed on its behalf by an attorney or such 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.
- (E) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member or a Depositor by an attorney, the letter or power of attorney or a duly a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the following Regulations, failing which the instrument of proxy may be treated as invalid
- (F) The Directors may, in their absolute discretion:
  - (a) approve the method or 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 Regulations 75(D)(a)(ii) and 75(D)(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), Regulation 75(D)(a)(ii) or Regulation 75(D)(b)(ii) (as the case may be) shall apply.

#### 76. (A) Deposit of instrument appointing a proxy

The instrument appointing a proxy and 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.

- (B) 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 communication, as contemplated in Regulation 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or other), Regulation 76(A)(a) shall apply.
- (C) The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.
- 76A. The Company shall be entitled to reject any proxy form lodged by the Depositor whose name does not appear on the Depositor Register as a Depositor on whose behalf the Depository holds shares in the Company as at 72 hours before the time of the general meeting at which the proxy is to act.

#### 77. Intervening death or insanity of principal not to revoke proxy

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or of the authority under which the instrument was executed or the transfer of the share in respect of which the instrument is given, if no intimation in writing of such death, unsoundness of mind, revocation or transfer as aforesaid has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used.

# (C) RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS DIVIDENDS AND RESERVES

#### 130. <u>Dividends</u>

The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

#### 131. <u>Interim Dividend</u>

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.

#### 132. Payment of dividends

- (1) The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereout of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Directors are of a revenue nature, constitute the profits of the Company available for dividend.
- (2) Appreciations of capital assets, investments and realised profits resulting on a sale of capital assets or investments (except so far as representing interest or dividend accrued and unpaid) shall either be carried to the credit of capital reserve or shall be applied in providing for depreciation or contingencies or for writing down the value of the assets. It is expressly declared that in ascertaining the profits of the Company available for dividend it shall not be necessary to make good any losses or depreciation in value of any of the Company's investments or any other assets of the Company except circulating capital.

#### 133. Power to carry profit to reserve

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. Such reserves shall, at the discretion of the Directors, be applicable for any purposes to which the profits of the Company may properly be applied. 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 part 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. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

#### 134. Apportionment of dividends

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.

#### 135. <u>Deduction of debts due to Company</u>

The Directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

#### 136. Payment of dividend in specie

Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus 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. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, 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.

#### 137. <u>Dividends payable in cash</u>

Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or payable by warrant sent through the post directed to the registered address appearing in the Register of Members or (as the case may be) the Depository Register 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 on the Register of Members or (as the case may be) the Depository Register or to such person and to such address as that holder or joint holders may in writing direct or by electronic transmission to such account of the holder or joint holders as that holder or joint holders may have in writing notified to the Company. Every such payment shall be sent at the risk of the person entitled to the money represented thereby. Every cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other money payable in respect of the shares held by them as joint holders. Notwithstanding the provisions of this Constitution, the payment by the Company to the Depository of any dividend payable to a Depositor shall (in accordance with the provisions of the Act), to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

#### 138. <u>Transfer of share and right to dividend</u>

A transfer of a share shall not pass the right to any dividend declared in respect thereof before the transfer has been registered.

#### **CAPITALISATION OF PROFITS**

#### 139. Power to capitalise profits

The Company in general meeting may upon the recommendation of the Directors, by ordinary resolution resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or toward paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution. A share premium account and a capital redemption reserve may, for the purposes of this Article, be applied only in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

#### 140. <u>Implementation of resolution to capitalise profits</u>

Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

#### **APPENDIX VI**

#### **VALUATION CERTIFICATES**



RHT Valuation Pte. Ltd. 10 Anson Road #35-16 International Plaza Singapore 079903 UEN No. 201812102Z Tel. +65 6856 5173 Fax. +65 6722 0658 www.rhtrealestate.com

Our Ref : 2022/0761/PTE/JK/SP

28 February 2022

#### **VALUATION FOR**

Shinvest Holding Ltd. 3 Kian Teck Crescent Singapore 628881

**Attn: Joice Wong** 

Dear Sir/ Madam,

#### VALUATION CERTIFICATE FOR SHINVEST HOLDING LTD.

1.0 Purpose of Valuation : To determine the Market Value of the

subject property as at 28 February 2022 in connection with the voluntary conditional offer by VTTSG Holding Pte. Ltd. for all the issued and paid-up ordinary shares in the capital of Shinvest

Holding Ltd.

**2.0 Date of Inspection** : 24 February 2022

3.0 Address of Property : 11 Syed Alwi Road #01-06

Singapore 207629

4.0 Property Details

**4.1 Type** : A shop unit

4.2 Land Area : Nil

**4.3 Strata Floor Area** : 108.0 sq m or 1,163 sq ft

**4.4 Tenure** : Estate in fee simple

**4.5** Age : Circa 1990

**4.6 Condition** : Average

**4.7 Orientation** : Main entrance faces north-east

5.0 Town Planning

Master Plan (2019) : Commercial & Residential



#### 6.0 The Subject Property

#### 6.1 Accommodation

Shop/ storage area, partitioned room and male/ female toilets.

#### 6.2 Finishes

#### <u>Floor</u>

Vinyl/ cement screed/ ceramic tiles generally

#### Wall

Paint/ ceramic tiles generally

#### Ceiling

Paint/ ceiling boards with recessed lights generally

#### 6.3 Improvements

#### Fittings/Fixtures

Split unit air conditioners, storage decks, aluminium frame windows, timber doors, glass doors and roller shutters generally.

#### **Others**

Nil

#### 7.0 Tenancy Details

The subject property was owner occupied as at the date of inspection.

#### 8.0 Services

All main utilities and telecoms services are provided.

#### 9.0 Method of Valuation

We have valued the subject property, in its existing continued use, by the Comparable Sales Method. In this method, a comparison is made with sales of similar properties in the vicinity and adjustments are made for differences in location, floor area, floor level, shop frontage, age, condition, tenure, design and layout, dates of transaction and the prevailing market conditions, etc., before arriving at the value of the subject property.



#### 10.0 Basis of Valuation

The term "Market Value" is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming: -

- a) a willing seller, willing buyer;
- b) a reasonable period within which to negotiate the sale, taking into consideration the nature of the property and state of the market;
- the property will be freely exposed to the market for a reasonable period of time; and
- d) no account is to be taken of an additional bid by a special purchaser.

#### 11.0 Valuation

With due regard to the foregoing and taking into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the value of the subject property, with vacant possession and free from encumbrances, is as follows:

Market Value as at : \$\$1,400,000/-

28 February 2022 (SINGAPORE DOLLARS ONE

MILLION AND FOUR HUNDRED

**THOUSAND ONLY)** 

Yours faithfully, On and Behalf of RHT Valuation Pte. Ltd.

David Ng

License No: AD041-2005203B

MSISV, MRICS

**Enclosures: Limiting Conditions** 



#### LIMITING CONDITIONS

This valuation report has been prepared subject to the following limiting conditions: -

- This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.
- Neither the whole or any part of this valuation report or any reference to it may be included in any
  document, circular or statement or be published in any way without our prior written consent to the form
  and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or
  publication.
- 3. The valuer accepts no liability if his opinion is quoted without regard to the full background of the reason why this Report is written.
- 4. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
- 5. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment as they may prove incorrect if so used.
- 6. Where it is stated in the Report that information has been made known to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable and he disclaims all responsibility if this should later prove not to be so.
- Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities
  to confirm that the property is not adversely affected by any public schemes. No requisition on road or
  drainage proposals has been made.
- 8. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, infestations or other hidden defects. We have also not made any tests on the building services and these services are presumed to be in good working order.
- 9. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
- 10. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
- 11. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
- 12. Any sketch, plan or map in this report is for identification purpose only and should not be treated as certified copies of areas or other particulars contained therein.
- 13. Where information is given without reference to another party in this Report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge.
- 14. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.



RHT Valuation Pte. Ltd. 10 Anson Road #35-16 International Plaza Singapore 079903 UEN No. 201812102Z Tel. +65 6856 5173 Fax. +65 6722 0658 www.rhtrealestate.com

Our Ref : 2022/0762/PTE/JK/SP

28 February 2022

#### **VALUATION FOR**

Shinvest Holding Ltd. 3 Kian Teck Crescent Singapore 628881

#### **Attn: Joice Wong**

Dear Sir/ Madam,

#### VALUATION CERTIFICATE FOR SHINVEST HOLDING LTD.

1.0 Purpose of Valuation : To determine the <u>Market Value</u> of the

subject property as at 28 February 2022 in connection with the voluntary conditional offer by VTTSG Holding Pte. Ltd. for all the issued and paid-up ordinary shares in the capital of Shinvest

Holding Ltd.

**2.0 Date of Inspection** : 24 February 2022

**3.0 Address of Property** : 8B Admiralty Street #01-09

8B @ Admiralty Singapore 757440

4.0 Property Details

**4.1 Type** : A strata factory unit

4.2 Land Area : Nil

**4.3 Strata Floor Area** : 325.0 sq m or 3,498 sq ft, including strata

void of 84.0 sq m

**4.4 Tenure** : 60 years leasehold w.e.f. 09/10/2000

**4.5** Age : Circa 2010s

**4.6 Condition** : Average

**4.7 Orientation** : Main entrance faces south

5.0 Town Planning

Master Plan (2019) : Business 1



#### 6.0 The Subject Property

#### 6.1 Accommodation

#### 1st Storey

Storage area, partitioned office room and toilet.

#### **Mezzanine level**

Storage area.

#### 6.2 Finishes

#### **Floor**

Epoxy/ cement screed/ homogeneous tiles generally

#### <u>Wall</u>

Paint/ homogeneous tiles generally

#### Ceiling

Paint/ ceiling boards with recessed lights generally

#### 6.3 Improvements

#### Fittings/Fixtures

Split unit air conditioners, storage decks, aluminium frame windows, timber doors, glass doors and roller shutters generally.

#### **Others**

Nil

#### 7.0 Tenancy Details

The subject property was owner occupied as at the date of inspection.

#### 8.0 Services

All main utilities and telecoms services are provided.

#### 9.0 Method of Valuation

We have valued the subject property, in its existing continued use, by the Comparable Sales Method. In this method, a comparison is made with sales of similar properties in the vicinity and adjustments are made for differences in location, floor loading, ceiling height, floor area, age, condition, tenure, design and layout, dates of transaction and the prevailing market conditions etc., before arriving at the value of the subject property.



#### 10.0 Basis of Valuation

The term "Market Value" is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming: -

- a) a willing seller, willing buyer;
- b) a reasonable period within which to negotiate the sale, taking into consideration the nature of the property and state of the market;
- the property will be freely exposed to the market for a reasonable period of time; and
- d) no account is to be taken of an additional bid by a special purchaser.

#### 11.0 Valuation

With due regard to the foregoing and taking into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the value of the subject property, with vacant possession and free from encumbrances, is as follows:

Market Value as at : S\$1,100,000/-

28 February 2022 (SINGAPORE DOLLARS ONE MILLION

AND ONE HUNDRED THOUSAND

ONLY)

Yours faithfully, On and Behalf of RHT Valuation Pte. Ltd.

David Ng

License No: AD041-2005203B

MSISV, MRICS

**Enclosures: Limiting Conditions** 



#### **LIMITING CONDITIONS**

This valuation report has been prepared subject to the following limiting conditions: -

- This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.
- Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.
- The valuer accepts no liability if his opinion is quoted without regard to the full background of the reason why this Report is written.
- 4. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
- 5. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment as they may prove incorrect if so used.
- 6. Where it is stated in the Report that information has been made known to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable and he disclaims all responsibility if this should later prove not to be so.
- Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities
  to confirm that the property is not adversely affected by any public schemes. No requisition on road or
  drainage proposals has been made.
- 8. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, infestations or other hidden defects. We have also not made any tests on the building services and these services are presumed to be in good working order.
- 9. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
- 10. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
- 11. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
- 12. Any sketch, plan or map in this report is for identification purpose only and should not be treated as certified copies of areas or other particulars contained therein.
- 13. Where information is given without reference to another party in this Report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge.
- 14. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.



RHT Valuation Pte. Ltd. 10 Anson Road #35-16 International Plaza Singapore 079903 UEN No. 201812102Z Tel. +65 6856 5173 Fax. +65 6722 0658 www.rhtrealestate.com

Our Ref : 2022/0763/PTE/EC/SP

28 February 2022

#### **VALUATION FOR**

Shinvest Holding Ltd. 3 Kian Teck Crescent Singapore 628881

#### **Attn: Joice Wong**

Dear Sir/ Madam,

#### VALUATION CERTIFICATE FOR SHINVEST HOLDING LTD.

1.0 Purpose of Valuation : To determine the Market Value of the

subject property as at 28 February 2022 in connection with the voluntary conditional offer by VTTSG Holding Pte. Ltd. for all the issued and paid-up ordinary shares in the capital of Shinvest

Holding Ltd.

**2.0 Date of Inspection** : 25 February 2022

3.0 Address of Property : 3 Kian Teck Crescent

Singapore 628881

4.0 Property Details

**4.1 Type** : A part single-storey/ part 3-storey

detached factory with temporary secondary workers' dormitory (155

workers)

**4.2** Land Area : 5,006.3 sq m or 53,887 sq ft

**4.3 Gross Floor Area** : Approximately 5,546.13 sq m or 59,698

sq ft, according to URA's Grant of Written

Permission dated 18/01/2012.

**4.4 Tenure** : 24 years leasehold w.e.f. 01/07/2013

**4.5** Age : Circa 1990s and had undergone addition

and alteration works progressively

**4.6 Condition** : Average

**4.7 Orientation** : Main entrance faces south-east



#### 5.0 Town Planning

Master Plan (2019) : Business 2

#### 6.0 The Subject Property

#### 6.1 Accommodation

#### **1st Storey**

Reception area, general office area, operation office area, meeting rooms, packing area, production/ warehousing area, dining area, laundry area and toilets.

#### 2nd Storey

Reception area, general office area, partitioned rooms, meeting rooms, pantry, warehousing area, dormitory area, bathrooms and toilets.

#### **3rd Storey**

Dormitory area, bathrooms and toilets.

#### 6.2 Finishes

#### **Floor**

Vinyl/ homogeneous tiles/ ceramic tiles/ carpet/ cement screed generally

#### Wall

Paint/ glass/ ceramic tiles generally

#### Ceiling

Paint/ false ceiling with downlights generally

#### 6.3 Improvements

#### Fittings/Fixtures

Split/ cassette unit air conditioners, cabinets, high/ low storage cabinets vanity tops with cabinets, aluminium frame windows/ doors, timber doors, glass door and roller shutters generally.

#### **Others**

Loading/ unloading areas, guard house and car parking lots.

#### 7.0 Tenancy Details

The subject property was owner occupied as at the date of inspection.

#### 8.0 Services

All main utilities and telecoms services are provided.



#### 9.0 Method of Valuation

We have valued the subject property, in its existing continued use, by the Comparable Sales Method. In this method, a comparison is made with sales of similar properties in the vicinity and adjustments are made for differences in location, land area, land shape, floor area, floor loading, ceiling height, age, condition, tenure, design and layout, dates of transaction and the prevailing market conditions etc. before arriving at the value of the subject property.

#### 10.0 Basis of Valuation

The term "Market Value" is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of valuation assuming: -

- a) a willing seller, willing buyer;
- b) a reasonable period within which to negotiate the sale, taking into consideration the nature of the property and state of the market;
- the property will be freely exposed to the market for a reasonable period of time; and
- d) no account is to be taken of an additional bid by a special purchaser.

#### 11.0 Valuation

With due regard to the foregoing and taking into consideration the prevailing market conditions and other relevant factors, we are of the opinion that the values of the subject property, with vacant possession and free from encumbrances, are as follows:

Market Value as at : S\$7,700,000/-

28 February 2022 (SINGAPORE DOLLARS SEVEN

MILLION AND SEVEN HUNDRED

**THOUSAND ONLY)** 

Yours faithfully, On and Behalf of RHT Valuation Pte. Ltd.

David Ng

License No: AD041-2005203B

MSISV, MRICS

**Enclosures: Limiting Conditions** 



#### **LIMITING CONDITIONS**

This valuation report has been prepared subject to the following limiting conditions: -

- This valuation report is restricted to the use of our client or person(s) to whom this valuation report is specifically to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by other person(s) or for any other purpose(s) or beyond a reasonable time.
- Neither the whole or any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorized inclusion or publication.
- The valuer accepts no liability if his opinion is quoted without regard to the full background of the reason why this Report is written.
- 4. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.
- 5. The values assessed in this report for the subject property and any allocation of values between parts of the property applies strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment as they may prove incorrect if so used.
- 6. Where it is stated in the Report that information has been made known to the Valuer by another party or obtained by the Valuer from any enquiries, searches or investigations made from any government or statutory bodies, this information is believed to be reliable and he disclaims all responsibility if this should later prove not to be so.
- Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities
  to confirm that the property is not adversely affected by any public schemes. No requisition on road or
  drainage proposals has been made.
- 8. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, infestations or other hidden defects. We have also not made any tests on the building services and these services are presumed to be in good working order.
- Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.
- 10. The title to the property is presumed to be good and marketable and, unless mentioned in this report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
- 11. Our valuation presumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
- 12. Any sketch, plan or map in this report is for identification purpose only and should not be treated as certified copies of areas or other particulars contained therein.
- 13. Where information is given without reference to another party in this Report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge.
- 14. The report was prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed.