

CIRCULAR DATED 11 AUGUST 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 IMMEDIATELY.

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

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (“Sponsor”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.

This Circular has not been examined or approved by the 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.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

AMPLEFIELD LIMITED

(Company Registration No. 198900188N)
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS
in relation to**

1. THE PROPOSED EXPANSION OF THE PROPERTY DEVELOPMENT BUSINESS AND THE CONSTRUCTION BUSINESS OF THE COMPANY TO INCLUDE THE TERRITORY OF MALAYSIA
2. THE PROPOSED ACQUISITION OF THE PROPERTIES IN MALAYSIA FROM AN INTERESTED PERSON, NAMELY, SIN HEAP LEE PROPERTIES SDN. BHD. AN ASSOCIATE OF DATO’ SRI YAP TEIONG CHOON, AND PHAN FOO BEAM, WHO ARE CONTROLLING SHAREHOLDERS OF THE COMPANY, AND YAP WENG YAU, AN EXECUTIVE DIRECTOR OF THE COMPANY
3. THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE COMPANY INTO THE MANUFACTURING BUSINESS

Independent Financial Adviser to the Independent Directors in respect of the Proposed Acquisition

ASIAN CORPORATE ADVISORS PTE. LTD.

(Company Registration No. 200310232R)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 25 August 2020 at 3.00 P.M.
Date and time of Extraordinary General Meeting : 28 August 2020 at 3.00 P.M.
Place of Extraordinary General Meeting : Meeting to be held by way of electronic means

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CORPORATE INFORMATION

BOARD OF DIRECTORS : Mr. Albert Saychuan Cheok (Independent Chairman)
Mr. Yap Weng Yau (Executive Director)
Mr. Phan Chee Shong (Executive Director)
Mr. Woon Ooi Jin (Executive Director)
Mr. Teh Leong Kok (Independent Director)
Mr. Chong Teik Siang (Independent Director)
Prof. Ling Chung Yee (Independent Director)

COMPANY SECRETARY : Helena Chua

REGISTERED OFFICE : 101A Upper Cross Road
#11-16
People's Park Centre
Singapore 058358

SPONSOR : **PrimePartners Corporate Finance Pte. Ltd.**
16 Collyer Quay
#10-00 Income at Raffles
Singapore 048481

**SOLICITORS TO THE PROPOSED
PROPERTY BUSINESS
EXPANSION, THE PROPOSED
ACQUISITION AND THE
PROPOSED MANUFACTURING
BUSINESS DIVERSIFICATION** : **Altum Law Corporation**
160 Robinson Road
#26-06 SBF Center
Singapore 068914

**INDEPENDENT FINANCIAL
ADVISER** : **Asian Corporate Advisors Pte. Ltd.**
160 Robinson Road
#21-05 SBF Center
Singapore 068914

DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

General

- “2014 Circular”** : Has the meaning ascribed to it in Section 2.4
- “2014 Shareholders’ Approval”** : The approval of Shareholders for the Company to undertake and carry out the Construction Business and the Property Development Business obtained at the extraordinary general meeting held on 11 April 2014
- “2016 Disposal”** : The disposal of CAM by the Company to CMP Mechatronics on 30 May 2016
- “ADI”** : Amplefield Development Inc., a company incorporated in the Philippines and a 98%-owned subsidiary of the Company as at the Latest Practicable Date
- “Amanland” or “Vendor Related Party”** : Amanland Ltd., a company incorporated in Singapore and which is 97% owned by Regionaland as at the Latest Practicable Date
- “Amplefield Facilities” or the “Purchaser”** : Amplefield Facilities Sdn Bhd, a company incorporated in Malaysia and a wholly owned subsidiary of the Company as at the Latest Practicable Date
- “Amounts Owning by Vendor Related Party to Purchaser Related Parties”** : Such amount or amounts which may be due or owing by all or any of the Vendor Related Party to all or any of the Purchaser Related Parties which are non-traded related and which may have fallen due for repayment on such date or dates on which any payment is due to be made by the Purchaser to the Vendor under the terms of the SPAs
- “Amplefield Shareholders’ Approval Condition”** : Has the meaning ascribed to it in Section 3.1.5
- “Approval to the Transfer”** : Has the meaning ascribed to it in Section 3.1.5
- “Audit Committee”** : The audit committee of the Company as at the date of this Circular, comprising Messrs. Albert Saychuan Cheok, Teh Leong Kok, Chong Teik Siang and Prof. Ling Chung Yee
- “Asia-Pacific Region”** : Australia, Bangladesh, Bhutan, Brunei, Burma, Cambodia, Canada, China, Chile, Comoros, Cook Islands, Fiji, French Polynesia, India, Indonesia, Japan, Kiribati, Laos, Madagascar, Malaysia, Maldives, Marshall Islands, Mauritius, Micronesia, Mongolia, Nauru, Nepal, New Zealand, New Caledonia, Niue, North Korea, Pakistan, Palau, Papua New Guinea, Peru, Philippines, Russia, Samoa, Singapore,

Solomon Islands, South Korea, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu, Vietnam and the United States

- “Balance Consideration”** : The aggregate amount of RM20,520,000 (approximately S\$6,653,783), being the remaining balance of the Consideration after deduction of the Deposits, payable in accordance with the terms and conditions of the SPAs. The amount of the Balance Consideration for each of the Properties is set out Column 9 of the table in Appendix A
- “Board” or “Directors”** : The directors of the Company as at the date of this Circular
- “Building Materials Sub-Business”** : As part of the Construction Business, the processing, distributing and selling of building materials including, *inter alia*, the following:
- (a) RMC which is a type of concrete which is specifically manufactured in a mixed and unhardened state to be delivered to construction sites for usage; and
 - (b) products made from concrete, such as culverts.
- “CAM” or “CAM Mechatronic”** : CAM Mechatronic (Philippines), Inc., a company incorporated in the Philippines, which is a 40%-owned associated company of the Company pursuant to the completion of the CAM Mechatronics Acquisition on 31 July 2020
- “CAM Mechatronic Acquisition”** : The acquisition of 40% of the total equity interest in CAM Mechatronic by the Company pursuant to the sale purchase agreement dated 14 July 2020 and entered into between the Company and CMP Mechatronics further details of which are set out in the CAM Mechatronic Acquisition Announcement
- “CAM Mechatronic Acquisition Announcement”** : The announcement dated 14 July 2020 in relation to the CAM Mechatronic Acquisition Announcement
- “CBS”** : Citybuilders Pte Ltd, a company incorporated in Singapore and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
- “CBVN”** : City Builders (Vietnam) Company Limited, a company incorporated in Vietnam and a wholly owned subsidiary of CBS as at the Latest Practicable Date
- “CAM VD”** : CAM Ventures Development Inc., a company incorporated in the Philippines and a 40%-owned associated company of ADI as at the Latest Practicable Date
- “Catalist Rules”** : The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended or modified from time to time

“Circular”	: This circular to Shareholders dated 11 August 2020
“CMP Mechatronics”	: CMP Mechatronics Inc., the vendor in respect of the CAM Mechatronic Acquisition
“Company”	: Amplefield Limited
“Companies Act” or the “Act”	: The Companies Act, Chapter 50, of Singapore, as amended or modified from time to time
“Completion”	: Has the meaning ascribed to it in Section 3.1.6
“Completion Date”	: Has the meaning ascribed to it in Section 3.1.3
“Consideration”	: Has the meaning ascribed to it in Section 3.1.1
“Construction Business”	: The construction and building materials business of the Company which would include excavation, piling, substructures and superstructures works, architectural works, aluminum cladding and curtain walling, mechanical and electrical works, interior fitting-out works and external works for residential projects such as condominiums, apartment buildings, landed housing and public housing and the processing, distribution or sales of building materials
“Control”	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	: A person who (i) holds directly or indirectly fifteen per cent. (15%) or more of the total number of voting shares in the Company; or (ii) in fact exercises Control over the Company
“Cut-Off Date”	: Has the meaning ascribed to it in Section 3.1.5
“Dato’ Sri Yap”	: Dato’ Sri Yap Teiong Choon
“Developer”	: Glen Waverley Sdn. Bhd.
“Deposits”	: The aggregate amount of RM2,280,000 (approximately S\$739,276) payable as deposit and part-payment towards the Consideration in accordance with the terms and conditions of the SPAs. The amount of the Deposits for each of the Properties is set out in Column 8 of the table in Appendix A
“Effective Date”	: Has the meaning ascribed to it in Section 3.1.5

“EGM”	: The extraordinary general meeting of the Company to be held on 28 August 2020, notice of which is set out on pages E-1 to E-5 of this Circular
“EPS”	: Earnings per Share
“Existing Share Capital”	: The existing issued and paid-up share capital of the Company comprising 898,117,536 Shares (excluding treasury shares) as at the Latest Practicable Date
“Full Payment Date”	: At twelve midnight on such date the Vendor is in receipt or deemed receipt of the Balance Consideration and interest for late payment, if any, payable by the Purchaser in accordance with the terms of the SPAs
“FY”	: Financial year of the Company ending or ended 30 September, as the case may be
“FY2019”	: The financial year ended 30 September 2019
“FY2020”	: The current financial year ending 30 September 2020
“Government Approvals”	: Has the meaning ascribed to it in Section 3.1.5
“Group”	: The Company, and its subsidiaries, collectively
“IFA”	: Asian Corporate Advisors Pte. Ltd.
“IFA Letter”	: The IFA’s letter to the Independent Directors, as set out in Appendix B of this Circular
“Independent Directors”	: Directors who are considered independent for the purposes of making the recommendations in respect of the Proposed Acquisition, being Mr Albert Saychuan Cheok, Mr Teh Leong Kok, Mr Woon Ooi Jin, Mr Chong Teik Siang, Mr Phan Chee Shong and Prof. Ling Chung Yee
“Independent Shareholders”	: For the purposes of the Proposed Acquisition, Shareholders independent of the Interested Person Group and the parties acting in concert with them
“Independent Valuer”	: Has the meaning ascribed to it in Section 3.2
“Independent Valuation”	: Has the meaning ascribed to it in Section 3.2
“Independent Valuation Report”	: Has the meaning ascribed to it in Section 3.2

“Interested Person Group”	: Dato’ Sri Yap, Phan Foo Beam, Yap Weng Yau, Olander Ltd and their respective associates
“IPT Mandate”	: the general mandate for recurrent transactions of a revenue or trading nature between the Group and the IPT Mandate Interested Persons Group in relation to the Property Development Business and the Construction Business that was obtained by the Company on 15 November 2017
“IPT Mandate Interested Persons Group”	SVC, Amanland, Regionaland and Olander
“Latest Practicable Date”	: 30 July 2020, being the latest practicable date prior to printing of this Circular
“Malaysian Property Business”	: Subject to Shareholders’ approval for the Proposed Property Business Expansion being obtained, the carrying on of the Property Development Business and/or Construction Business in the territory of Malaysia
“Manufacturing Business”	: The proposed manufacturing activities of the Company which would include but not be limited to precision/CNC machining and die casting, mould and tool making, assembly, electroplating, wet-painting as well as powder coating
“Novation Deeds”	: The deeds of novation in respect of the Tenanted Properties executed or to be executed by the Purchaser, the Developer and the relevant Tenants thereof pursuant to which the Tenants shall agree to the substitution of the Purchaser for the Developer as the landlord of the Tenanted Properties let to the Tenants under the Tenancy Agreements with effect from the Full Payment Date
“NTA”	: Net tangible assets
“Olander”	: Olander Ltd, a company incorporated in British Virgin Islands which is 50% owned by Dato’ Sri Yap and 50% owned by Phan Foo Beam as at the Latest Practicable Date
“Pre-Completion Arrangement”	: Has the meaning ascribed to it in Section 3.1.7
“Properties”	: The six (6) units in a commercial leasehold building by the name of Sin Heap Lee Business Centre and located at Jalan SR 8/1, 43300 Seri Kembangan, Selangor, Malaysia as set out in Appendix A, a further description of which is set out in Section 3.3.1 below and “Property” shall refer to each of such properties individually.
“Property Development Business”	: The property investment and property development business of the Company which includes the acquisition and holding of investments

	in property-related assets, and trading in and development of property for sale
“Proposed Acquisition”	: The proposed acquisition of the Properties by the Purchaser
“Proposed Manufacturing Business Diversification”	: The proposed diversification by the Company into the Manufacturing Business
“Proposed Property Business Expansion”	: The proposed expansion of the Company’s Construction Business and Property Development Business into the territory of Malaysia, including East Malaysia
“Proxy Form”	: The proxy form in respect of the EGM set out on pages E-6 to E-9 of this Circular
“Purchaser Related Parties”	: The Company and its subsidiaries
“RMC”	: Ready-made concrete
“Register of Members”	: Register of members of the Company
“Regionaland”	: Regionaland Pte Ltd, a company incorporated in the Republic of Singapore. The ultimate holding company of Regionaland Pte Ltd is Olander Ltd., an associate of Dato’ Sri Yap
“Section 433B State Consent”	: Has the meaning ascribed to it in Section 3.1.5
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Set-Off Amount”	: Has the meaning ascribed to it in Section 3.1.4.1 of this Circular
“Set-Off Arrangement”	: Has the meaning ascribed to it in Section 3.1.4.1 of this Circular
“SGXNET”	: The SGXNET Corporate Announcement System
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share”	: An ordinary share in the share capital of the Company and “Shares” shall be construed accordingly
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares

“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“SHL Consolidated”	:	SHL Consolidated Bhd, a company listed on Bursa Malaysia. As at the Latest Practicable Date, Dato’ Sri Yap holds an aggregate of 26.83% of the issued share capital of SHL Consolidated
“SHL Consolidated Group”	:	SHL Consolidated and its subsidiaries, collectively
“Side Letter”	:	Has the meaning ascribed to it in Section 3.1.4.1
“Substantial Shareholder”	:	A person who has an interest in the Shares of which is not less than 5.0% of all the voting shares
“SVC”	:	Sing Viet City Ltd., a company incorporated in Vietnam and wholly owned subsidiary of Amanland Pte Ltd which in turn is approximately 97%-owned by Regionaland
“Tenancy Agreements”	:	The tenancy agreements relating to the tenancy of the Tenanted Properties
“Tenants”	:	The persons to whom the Tenanted Properties have been let or rented out to under the Tenancy Agreements
“Tenanted Properties”	:	Such of the Properties which are currently tenanted out as at the Latest Practicable Date as further set out in Section 3.3.1
“Termination Events”	:	Has the meaning ascribed to it in Section 3.1.8
“Transfer Documents”	:	Has the meaning ascribed to it in Section 3.1.3
“Valuation Certificate”	:	Has the meaning ascribed to it in Section 3.2
“Vendor”	:	Sin Heap Lee Properties Sdn. Bhd.
“YTCH”	:	Yap Teiong Choon Holdings Sdn Bhd.

Currencies, units of measurement and others

“Peso”	:	Philippines Peso, representing the lawful currency of the Philippines
“RM”	:	Malaysian Ringgit, representing the lawful currency of Malaysia
“SGD” or “S\$” and “cents”	:	Singapore dollars and cents respectively, representing the lawful currency of the Republic of Singapore

“%” or “per cent.” : Percentage or per centum

For purposes of this Circular and the Proposed Property Business Expansion, all references to “**Malaysia**” shall include East Malaysia.

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

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the Catalist Rules or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Act, the Securities and Futures Act, the Catalist Rules or such modification thereof, as the case may be.

Unless otherwise indicated, the RM amounts in this Circular have been translated into S\$ amounts based on an exchange rate of S\$1: RM3.0841 as published on Bank Negara Malaysia’s website as at 5 p.m. on the date of the SPAs.

LETTER TO SHAREHOLDERS

AMPLEFIELD LIMITED

(Company Registration No. 198900188N)

Board of Directors:

Mr. Albert Saychuan Cheok (Independent Chairman)
Mr. Yap Weng Yau (Executive Director)
Mr. Phan Chee Shong (Executive Director)
Mr. Woon Ooi Jin (Executive Director)
Mr. Teh Leong Kok (Independent Director)
Mr. Chong Teik Siang (Independent Director)
Prof. Ling Chung Yee (Independent Director)

Registered Office:

101A Upper Cross Road
#11-16
People's Park Centre
Singapore 058358

11 August 2020

To: The Shareholders of Amplefield Limited

Dear Sir / Madam,

- (1) THE PROPOSED EXPANSION OF THE PROPERTY DEVELOPMENT BUSINESS AND THE CONSTRUCTION BUSINESS OF THE COMPANY TO INCLUDE THE TERRITORY OF MALAYSIA
- (2) THE PROPOSED ACQUISITION OF THE PROPERTIES, IN MALAYSIA FROM AN INTERESTED PERSON, NAMELY, SIN HEAP LEE PROPERTIES SDN. BHD., AN ASSOCIATE OF DATO' SRI YAP AND PHAN FOO BEAM, WHO ARE CONTROLLING SHAREHOLDERS OF THE COMPANY, AND YAP WENG YAU, AN EXECUTIVE DIRECTOR OF THE COMPANY
- (3) THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE COMPANY INTO THE MANUFACTURING BUSINESS

1. INTRODUCTION

1.1 Proposed Acquisition

On 30 July 2020, the Board of the Company announced that the Company's wholly-owned subsidiary, Amplefield Facilities had, on the same date, entered into six (6) share and purchase agreements with the Vendor in relation to the proposed acquisition of six (6) units in a commercial leasehold building in Selangor Malaysia, further details of which are set out in Appendix A.

As the Vendor is an associate of Dato' Sri Yap and Phan Foo Beam, who are Controlling Shareholders of the Company, and Yap Weng Yau, an Executive Director of the Company, the Proposed Acquisition is an interested person transaction falling under Chapter 9 of the SGX-ST Catalist rules and completion of the Proposed Acquisition would be subject, *inter alia*, the approval of the Independent Shareholders of the Company.

1.2 Proposed Property Business Expansion

The Group is proposing to acquire the Properties pursuant to the Proposed Acquisition in conjunction with, and following a review of the Group's core business segments and markets resulting, *inter alia*, in a proposal by the Company to expand its Property Development Business and Construction Business to include the territory of Malaysia, as further elaborated in Section 2 below.

1.3 Proposed Manufacturing Business Diversification

As announced by the Company on 14 July 2020 and on 4 August 2020, the Company has acquired 40% of the total equity interest in CAM pursuant to the completion of the CAM Mechatronic Acquisition on 31 July 2020.

As CAM is engaged in the Manufacturing Business, pursuant to the CAM Mechatronic Acquisition, the Company has an investment in an associated company that is engaged in the Manufacturing Business.

Further information relating to CAM and the Manufacturing Business which it undertakes is set out in Section 8 below and the CAM Mechatronic Acquisition Announcement.

As stated in the CAM Mechatronic Acquisition Announcement, no Shareholders' approval is required for the CAM Mechatronics Acquisition, *inter alia*, as it is not a major transaction falling under chapter 10 of the Catalist Rules and the Board was of the reasonable opinion that the CAM Mechatronic Acquisition is not expected to have a material impact on or materially change the risk profile of the Group, *inter alia*, as the value of the consideration given comprised only 3% of the net assets of approximately S\$67,000,000 of the Group as at 31 March 2020.

Notwithstanding the foregoing, following a review of the Group's core business segments and markets, the Board has proposed that the Company should diversify into the Manufacturing Business as a new core business of the Group, and is seeking Shareholders' approval of the Proposed Manufacturing Business Diversification at the EGM.

1.4 Extraordinary General Meeting

The Board of Directors are convening the EGM to be held by way of electronic means on 28 August 2020 at 3.00 p.m. to seek Shareholders' approval for the Proposed Property Business Expansion, the Proposed Acquisition and the Proposed Manufacturing Business Diversification.

Shareholders should note that the Proposed Acquisition is subject to and conditional upon the Proposed Property Business Expansion being approved at the EGM.

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Property Business Expansion, the Proposed Acquisition and the Proposed Manufacturing Business Diversification, including the rationale for and benefits thereof to the Group, and to seek Shareholders' approval for the above-mentioned transactions at the forthcoming EGM, notice of which is set out on pages E-1 to E-5 of this Circular.

The SGX-ST assumes no responsibility for the contents of this Circular including the correctness of any statements or opinions made or reports contained in this Circular.

2. THE PROPOSED PROPERTY BUSINESS EXPANSION

2.1 Current Scope of Property Development Business and Construction Business

The Company had previously, at the extraordinary general meeting held on 11 April 2014, obtained Shareholders' approval for diversification of the Group's core business into the Construction Business and the Property Development Business in the Asia-Pacific Region (excluding Malaysia).

Since obtaining the 2014 Shareholders' Approval, the Group has carried on the Construction Business mainly in Vietnam, through its wholly-owned subsidiary CBS in Singapore (which in turn wholly owns CBVN in Vietnam), which it had acquired through a series of transactions between May 2016 to August 2017 with a third party Regional Connexion Limited. The Group's Property Development Business is mainly in the Philippines, through its 98%-owned subsidiary ADI, which used to be a 40:60 joint venture between the Company and Regionaland, prior to the Company acquiring a majority interest in such company in December 2016. The Company had also obtained the IPT Mandate from Shareholders in November 2017, to allow and facilitate the relevant mandated interested person transactions between the Group and the IPT Mandate Interested Persons Group.

2.2 Proposed Property Business Expansion

Under the 2014 Shareholders' Approval, Malaysia was excluded from the list of territories in which the Group may carry out its Property Development Business and the Construction Business.

Malaysia was excluded as a market in the Property Development Business and the Construction Business to be carried out by the Group at time of the 2014 Shareholders' Approval, *inter alia*, as it was considered that there may be potential conflicts of interest arising if the Group were to carry out its Property Development Business and the Construction Business in Malaysia, for reasons as further elaborated below.

At the time of the 2014 Shareholders' Approval, Dato' Sri Yap was both an executive director and controlling shareholder of the Company, as well as an executive director and major shareholder of SHL Consolidated.

SHL Consolidated is a company listed on Bursa Malaysia, and the SHL Consolidated Group was at the time of the 2014 Shareholders' Approval (and still is) principally engaged in the business of property development, construction, construction related manufacturing, quarrying and ownership and operation of golf and country resort facilities in Malaysia.

Since Dato' Sri Yap was engaged in the management and operations of both the Group and the SHL Consolidated Group at the time of the 2014 Shareholders' Approval, it was considered then that in the event, *inter alia*, Dato' Sri Yap were to identify or source for business or projects relating to the Property Development Business and the Construction Business in Malaysia, there may be potential conflicts of interests arising, *inter alia*, in relation to whether such business or projects were to be explored or pursued by the Group and/or the SHL Consolidated Group, and hence to eliminate such potential conflicts, Dato' Sri Yap had undertaken to procure that the Group would not compete or co-operate with any companies within the SHL Consolidated Group in such situations.

Dato' Sri Yap has ceased to be an executive director of the Company since 30 May 2016 and has also ceased to be an executive director of SHL Consolidated since 29 August 2019.

In view of such changes to Dato' Sri Yap's role and involvement in the business of the Group and the SHL Consolidated Group, the earlier concerns of potential conflicts of interest arising should the Group carry out the Property Development Business and the Construction Business in Malaysia should no longer be applicable and, for reasons as further elaborated below, the Directors are of the reasonable opinion that it would be in the interests of the Company to expand its Property Development Business and Construction Business to include the territory of Malaysia, and accordingly, the Company intends to seek Shareholders' approval for the Proposed Property Business Expansion at the EGM.

2.3 Rationale for the Proposed Property Business Expansion

The Proposed Property Business Expansion is part of the Company's corporate strategy to provide Shareholders with diversified returns and long-term growth.

As elaborated in Section 2.2 above, the main reason for the exclusion of Malaysia from the territories in which the Group would carry out its Property Development Business and its Construction Business was due to earlier concerns about potential conflicts of interest which should no longer be applicable.

In view of the foregoing and given that Malaysia is in fact a market and territory which is familiar to the Company and the Group, since the headquarters of the Company is based there, the Directors are of the reasonable opinion that it is in the interest of the Company to carry out the Proposed Property Business Expansion. The Proposed Property Business Expansion, if approved by Shareholders, will allow the Company to tap on the network and contacts of its directors and management to explore business opportunities to expand and grow the Property Development Business and the Construction Business and undertake or carry out the Malaysian Property Business. If Shareholders' approval is obtained for the Proposed Property Business Expansion, subsequently, the Property Development Business and the Construction Business in the Asia Pacific Region (including the territory of Malaysia) will be considered as part of the core business of, and all transactions relating thereto will be considered as falling in the ordinary course of business of the Group, and the Company will only seek Shareholders' approval in respect of the Property Development Business and/or the Construction Business, *inter alia*, in the following situations:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company, Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the ordinary course of business of the Group and such acquisitions must be, *inter alia*, made conditional upon approval by Shareholders at a general meeting;
- (b) pursuant to Part III of Practice Note 10A of the Catalist Rules, where any acquisition or disposal of assets (including options to acquire or dispose assets) will change the risk profile of the Group, such acquisitions or disposals must also be made conditional upon, *inter alia*, approval by Shareholders at a general meeting, whether or not such acquisition or disposal are in the ordinary course of business of the Group; and

- (c) where any transaction constitutes an interested person transaction (as defined under the Catalist Rules), Chapter 9 of the Catalist Rules will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one (1) transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

Notwithstanding the above requirements as prescribed under the Catalist Rules, when the Group enters into its first transaction (as defined under Rule 1002(1) of the Catalist Rules) in respect of the Malaysian Property Business where any of the Catalist Rule 1006 figures in respect of such transaction exceeds 75% ("**First Major Malaysian Property Business Transaction**"), or when the Group enters into a series of transactions (as defined under Rule 1002(1) of the Catalist Rules) in respect of the Malaysian Property Business over the course of a financial year and such transactions aggregated (the "**Aggregated Malaysian Property Business Transactions**") exceeds 75.0%, such First Major Malaysian Property Business Transaction or the last of the Aggregated Malaysian Property Business Transactions will be made conditional upon approval of the Shareholders at general meeting.

The requirement to seek further Shareholders' approval for the First Major Malaysian Property Business Transaction or the last of the Aggregated Malaysian Property Business Transactions (as the case may be) as aforesaid has been included, *inter alia*, in line with certain regulatory guidelines which were implemented after the obtaining of the 2014 Shareholders' Approval for the diversification into the Property Development Business and the Construction Business and, for the avoidance of doubt, shall not (unless otherwise required under any applicable and prevailing Catalist Rules as amended or modified from time to time) apply to the carrying on of other parts of the Property Development Business and the Construction Business by the Group, apart from the Malaysian Property Business.

The Company will also be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

2.4 Potential Risk Factors relating to the Proposed Property Business Expansion

The Group has been carrying on the Property Development Business and the Construction Business as part of the core businesses of the Group since obtaining the 2014 Shareholders' Approval. A description of, *inter alia*, the business and industry-related risk factors relating to the carrying on of the Property Development Business and the Construction Business can be found in Appendix A of the circular dated 26 March 2014 in relation to the then proposed diversification into the Property Development Business and the Construction Business for which the 2014 Shareholders' Approval was obtained ("**2014 Circular**"), an extract of which has been reproduced in Appendix E of the Circularly, which will apply similarly, with the appropriate modifications to refer to Malaysia where relevant, to the carrying on of the Property Development Business and the Construction Business in Malaysia. To the best of the Directors' knowledge and belief, such risk factors are still relevant and applicable in relation to the Proposed Property Business Expansion and there are no new or additional material business or industry-related risk factors in connection with the Property

Development Business and/or the Construction Business to be highlighted to Shareholders for purposes of the Proposed Property Business Expansion.

The expansion of the Group's Property Development Business and Construction Business to cover the territory of Malaysia under the Proposed Property Business Expansion would, however, entail considerations of possible additional risks associated with, *inter alia*, geographical, political, economic, foreign exchange risks of addressing a new market as set out in Appendix F of this Circular.

Shareholders should carefully consider and evaluate the risk factors and all other information contained in the Circular before deciding whether to approve the Proposed Property Business Expansion at the forthcoming EGM.

3 THE PROPOSED ACQUISITION

3.1 *Salient Terms of the Proposed Acquisition*

3.1.1 Agreement to Sell and Purchase

Under the terms of the SPAs, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Properties on an "*as is where is basis*", free from all encumbrances, with legal possession subject to the Tenancy Agreements, for an aggregate purchase consideration of RM22,800,000 (equivalent to approximately S\$7,392,756) for all of the Properties ("**Consideration**").

Details of the Consideration payable for each of the Properties is set out in Column 7 of the table in Appendix A.

The Consideration for the Properties was arrived at after arm's length negotiations on a willing-buyer willing-seller basis, determined on the basis of, and after taking into account, *inter alia*, the Independent Valuation of the Properties, as further elaborated in Section 3.2 below.

The Consideration represents an approximate 4% discount to the Independent Valuation of the Properties.

3.1.2 Deposits

In accordance with the terms and conditions of the SPAs, the Purchaser is obliged to pay the Deposits in the following manner:

- (a) Part of the Deposits amounting in aggregate to RM1,596,000 (equivalent to approximately S\$517,493) shall be paid by the Purchaser to the Vendor upon the execution of the SPAs; and
- (b) the remaining amount of the Deposits amounting in aggregate to RM684,000 (equivalent to approximately S\$221,783) shall be paid by the Purchaser to the Malaysian Director General of Inland Revenue within thirty (30) days from the Effective Date on behalf of the Vendor to settle the Vendor's liability in respect of the real property gains tax which is payable by the Vendor under the provisions of the Malaysian Real Property Gains Tax Act in 1976.

The Balance Deposit and/or the Retention Sum may be paid in cash or, as mentioned in Section 3.1.4 below, settled or satisfied via the Set-Off Arrangement.

3.1.3 Balance Consideration

Under the terms of the SPAs, subject to the Amplefield Shareholders' Approval Condition being satisfied, the Balance Consideration shall be paid or caused to be paid by the Purchaser to the Vendor on a date falling within three (3) months from the Effective Date or such other date which the parties may mutually agree ("**Completion Date**").

Upon the satisfaction of the Purchaser's obligation to pay the Balance Consideration, the Purchaser shall be entitled to receive the original title in respect of the Properties, the transfer documents in relation to the Properties executed by the Developer in favour of the Purchaser and all other requisite documents as may be necessary to effect the transfer and registration of each of the Properties in favour of the Purchaser with the relevant authorities (collectively the "**Transfer Documents**").

For the avoidance of doubt, the Completion Date, as aforesaid, is not the same as the Full Payment Date which is applicable under the Pre-Completion Arrangements as further elaborated in Section 3.1.7.1 below.

3.1.4 Settlement of the Consideration

3.1.4.1 **Side Letters**

Under the terms of six (6) side letters entered into between the Purchaser and the Vendor and dated the same date as the date of the SPAs ("**Side Letters**"), the parties have agreed that notwithstanding any provisions to the contrary in the SPAs:

- (a) the Consideration shall only be settled and satisfied in such manner as may be mutually agreed, between the Purchaser and the Vendor, including settlement and satisfaction of all or part of the Consideration ("**Set-Off Amount**") through set-off against the Amounts Owing by the Vendor Related Party to all or any of the Purchaser Related Parties in such manner to be mutually agreed between the Purchaser and the Vendor ("**Set-Off Arrangement**"), and upon such set-off being applied, the Purchaser shall be irrevocably and unconditionally released and discharged of the Purchaser's obligation to pay the Consideration to the extent of the Set-Off Amount; and
- (b) in the event that the Purchaser and the Vendor are unable to agree on the manner for settlement and satisfaction of the Consideration, then the SPAs shall, upon either party giving written notice of termination to the other, terminate and lapse as of the date of such written notice, and be of no further effect and upon such written notice being given by either party, the Vendor shall forthwith refund or cause to be refunded without interest to be payable to the Purchaser (i) the Balance Deposit and (ii) the Retention Sum and if applicable, (iii) the Balance Consideration, in exchange for the removal by the Purchaser of all encumbrances, if any on the Properties attributable to the Purchaser and thereafter the parties hereto shall be released from all further obligations to each other.

3.1.4.2 **Amounts Owing by Vendor Related Party to Purchaser Related Parties**

Depending on when the Set-Off Arrangement is to be applied, the Amounts Owing by Vendor Related Party to Purchaser Related Parties and which is due and owing on the relevant date on which the Set-Off Arrangement is to be applied may amount in aggregate up to approximately S\$16,676,296.

Details of the non-trade related amounts owing by Amanland to the Purchaser Related Parties as at 30 September 2019 are set out below:

	Amounts owing	Repayment dates
Amounts owing by Amanland to Purchaser Related Parties as at 30 September 2019 ¹	S\$16,676,296 ²	50% to be due and payable on 30 September 2020 and the remaining 50% to be due and payable on 31 March 2021

Notes:

- (1) Such amounts are unsecured and non-interest bearing.
- (2) Such amounts comprise the following:
 - (a) the amount of S\$9,498,000 owing by Amanland to CBS as a result of Amanland's assumption of the liability of SVC and CBS assuming the rights of CBVN in respect of a security deposit for performance of US\$10,000,000 originally paid by CBVN to SVC in connection with a joint development agreement for the development of certain properties in Vietnam which was subsequently terminated on 28 August 2019, following which the security deposit was assigned and earmarked for future contracts to be awarded by SVC, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019;
 - (b) the net resulting amount of S\$5,498,585 owing by Amanland to CBS as a result of Amanland's assumption of the liability of certain debts from Regional Connexion Limited in prior years, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019; and
 - (c) the amount of S\$1,679,711 owing by Amanland to CBVN as a result of Amanland's assumption of the liability of two individuals to CBVN in respect of fees paid to them.

3.1.4.3 Set-Off Arrangement

Whether the parties may be able to apply the Set-Off Arrangement to set off all or part of the Consideration due against the Amounts Owing by Vendor Related Party to Purchaser Related Parties

would depend, *inter alia*, on when the Consideration is due to be paid (whether on Completion or on the Full Payment Date) and at the time when such Consideration is due to be paid, whether all or any of the Amounts Owing by the Vendor Related Party to Purchaser Related Parties have come due for repayment or payment as agreed by the relevant parties.

For illustrative purposes only, assuming the Consideration for the Proposed Acquisition of RM22,800,000 which is equivalent to approximately S\$7,392,756 is due to be paid on 30 September 2020, it could be entirely or partially set off against the amount owing by Amanland of S\$8,338,148 has fallen due for repayment on such date.

The Purchaser shall discuss and agree with the Vendor in due course whether and how to apply all or part of the Amounts Owing by Vendor Related Party to Purchaser Related Parties in settlement and satisfaction of all or any of the Deposits and/or the Balance Consideration (as the case may be) depending, *inter alia*, on the expected Full Payment Dates and Completion Dates under the SPAs.

3.1.4.4 Unwinding of the Set-Off Arrangement

Under the terms of the Side Letters, the Purchaser and the Vendor have agreed that in the event the Vendor is due or obliged to refund or return the Consideration (or any part thereof) to the Purchaser due to the termination or lapsing of the SPAs pursuant to any of the Termination Events or the termination, lapse, annulment, voiding, frustration or rescission of the SPAs for any other reason whatsoever, the Set-Off Arrangement shall be null and void, and the Purchaser, the Vendor, the Vendor Related Party and the Purchaser Related Parties shall execute all such agreements or documents and otherwise take all such steps or actions as may be necessary or required by the Purchaser to unwind the Set-Off Arrangement.

3.1.5 Conditions

Completion of the sale and purchase of the Properties is subject to certain conditions in accordance with the terms of the SPAs, including, *inter alia*, the following:

- (a) the Company convening the EGM and obtaining the approval of the Independent Shareholders at such meeting to approve the acquisition of the Properties by the Purchaser ("**Amplefield Shareholders Approval Condition**");
- (b) the written approval and consent of the State Authority for the acquisition of the Property by the Purchaser pursuant to Section 433B National Land Code ("**Section 433B State Consent**"); and
- (c) the written approval and consent of the relevant State Authority to the transfer of the Properties by the Vendor in favour of the Purchaser in view of certain restrictions applicable to the Properties ("**Approval to the Transfer**").

The Section 433B State Consent and the Approval to the Transfer shall be collectively referred to as the "**Government Approvals**", and the date of receipt of the Government Approvals shall be referred to as the "**Effective Date**".

The Purchaser is responsible for applying for and obtaining the Amplefield Shareholders Approval Condition within three (3) months from the date of the SPAs, and the Section 433B State Consent

within four (4) months from the date of the SPAs while the Vendor is responsible for applying for and obtaining the Approval to the Transfer within four (4) months from the receipt of the Section 433B State Consent (each a “**Cut-Off Date**”).

3.1.6 Completion

Under the terms of the SPAs, it is contemplated that completion of the Proposed Acquisition (“**Completion**”) shall take place only when the Balance Consideration shall be paid or caused to be paid by the Purchaser to the Vendor in accordance with the terms of the SPAs and all relevant documents necessary for effecting registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances shall be duly registered.

Notwithstanding the foregoing, it is contemplated under the terms of the SPAs that the full payment of the Balance Consideration may, subject to the mutual agreement of the parties, be paid or caused to be paid by the Purchaser to the Vendor earlier than Completion in accordance with the terms of the SPAs in connection with the Pre-Completion Arrangements.

3.1.7 Pre-Completion Arrangements

3.1.7.1 Pre-Completion Arrangements

Under the terms of the SPAs, the Parties have provided for the possibility of undertaking pre-completion arrangement (“**Pre-Completion Arrangements**”) whereby subject to the receipt or deemed receipt by the Vendor of the Balance Consideration and interest for late payment, if any, payable by the Purchaser in accordance with the terms of the SPAs, the Purchaser shall take legal possession or vacant possession (as the case may be) of the Properties as well as be entitled to an apportionment of the rent payable under the Tenancy Agreement, *inter alia*, in the manner as follows:

- (a) the legal possession of the Tenanted Properties, subject to tenancy, shall be deemed to be delivered by the Vendor to the Purchaser on the day immediately after the Full Payment Date;
- (b) all rights, interests and benefits of the Vendor under the Tenancy Agreements shall be deemed to have been assigned, transferred to and vested in the Purchaser pursuant to the terms of the Novation Deeds on the day immediately after the Full Payment Date;
- (c) all rent in respect of the Tenanted Properties for the period up to and including the Full Payment Date shall belong to the Vendor and all rent in respect of the Tenanted Properties for the period after the Full Payment Date shall belong to the Purchaser; and
- (d) the Vendor shall deliver vacant possession of the Properties which are not Tenanted Properties or Tenanted Properties whose Tenancy Agreements have been terminated or have lapsed within five (5) working days from the Full Payment Date.

The Properties shall remain at the sole risk of the Vendor as regards to all loss or damage including by fire, lightning, storm until the date of delivery of the legal possession or vacant possession of the Properties (as the case may be) by the Vendor to the Purchaser.

3.1.7.2 Rationale for the Pre-Completion Arrangements

Registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances can be effected only upon the receipt of the Government Approvals, and due, *inter alia*, to the delays in access to the relevant authorities expected pursuant to the restrictions on movement orders imposed by the Malaysian government in view of the COVID-19 outbreak, it is currently contemplated that it may take up to eight (8) months from the date of the SPAs to obtain such Government Approvals.

In view of the foregoing, the Parties have provided for the Pre-Completion Arrangements which, under the terms of the SPAs, can be utilized upon the receipt or deemed receipt by the Vendor, *inter alia*, of the Balance Consideration.

Assuming the Proposed Acquisition is approved by the independent shareholders, the Company will, if necessary, decide whether to have the Purchaser undertake the Pre-Completion Arrangements depending, *inter alia*, on the expected Effective Date and date of Completion under the SPAs, and will update Shareholders should there be any decision or other material developments in this respect.

Should the Pre-Completion Arrangements be undertaken, the Purchaser would be effecting payment of the Balance Consideration to the Vendor even though the registration of the Properties in the Purchaser's favour is pending, in exchange for which the Purchaser will be able to get the benefit of, and account for the rental income from the Tenanted Properties as part of its revenue for the period after the Full Payment Date.

The Board is of the reasonable opinion that while the Pre-Completion Arrangements may pose certain risks to the Purchaser, including the risk of the Purchaser not being able to obtain registration of the title of the Properties in its name due, *inter alia*, to the Government Approvals not being obtained and having to recover the Balance Consideration from the Vendor in such event, such risks are mitigated, *inter alia*, through the termination and unwinding provisions provided for in the SPAs as further elaborated in Section 3.1.8 below, and the provisions for unwinding of the Set-Off Arrangement as further elaborated in Section 3.1.4.4 above, in the event all or any part of the Consideration were to be settled and satisfied through the Set-Off Arrangement.

3.1.8 Termination or Lapsing of SPAs

3.1.8.1 Termination Events

Under the terms of the SPAs, the SPAs are subject to termination or shall lapse upon the occurrence of certain events, including the following events ("**Termination Events**"):

- (a) the Amplefield Shareholders Approval Condition and/or the Government Approvals are not obtained by their respective Cut-off Dates or such later date as may be agreed in writing between the parties, or any of the Government Approvals obtained are subject to such condition(s) imposed which may not be acceptable to the party or parties affected by such condition(s);
- (b) all or any of the relevant documents necessary for effecting registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances cannot be registered for any

reason whatsoever and without any default, willful neglect, omission or blameworthy conduct on the part of any of the parties to the SPAs;

- (c) any material breach by the Purchaser of any of the provisions of the SPAs which is not capable of being remedied within fourteen (14) days from the receipt of written notice of such breach;
- (d) the Purchaser failing to pay the Balance Consideration in accordance with the terms of the SPAs for any reason other than that attributed to the Vendor or by any event of force majeure;
- (e) any material breach by the Vendor of any of the provisions of the SPAs which is not capable of being remedied within fourteen (14) days from the receipt of written notice of such breach; and
- (f) the Vendor refusing or failing to transfer the Properties to the Purchaser free from all encumbrances with legal possession or vacant possession (as the case may be) in accordance with the terms of the SPAs.

3.1.8.2 Consequences of Termination

Upon termination or lapsing of the SPAs (as the case may be), the parties have agreed to carry out or undertake, *inter alia*, the following to unwind the relevant prior actions taken under the SPAs, where applicable:

- (a) the Vendor shall forthwith refund (without interest) all monies (including the Deposits and, if applicable, the Balance Consideration) paid or caused to be paid by the Purchaser towards the Consideration;
- (b) the Purchaser shall re-deliver legal possession or vacant possession (as the case may be) of the Properties to the Vendor (if it has already been delivered to the Purchaser) in substantially the same state and condition in which it was previously delivered by the Vendor (fair wear and tear excepted) at the Vendor's own cost and expense;
- (c) the Purchaser shall return to the Vendor all the Transfer Documents with the Vendor's interest in the Properties intact;
- (d) the Purchaser shall refund to the Vendor the actual rental income ("**Return Rental Proceeds**") received in respect of the Tenanted Properties under the Tenancy Agreements which the Purchaser had collected and received after the Full Payment Date (for the avoidance of doubt, the Purchaser shall not be liable to the Vendor for any rental income due but not collected or received by the Purchaser);
- (e) the Vendor shall be liable to pay the Purchaser liquidated damages of an amount equal to 10% of the Consideration should the termination of the SPAs arise from a default by the Vendor as contemplated under Section 3.1.8.1 (e) or (f); and
- (f) apart from the obligation to return the Return Rental Proceeds and a liability to pay liquidated damages of an amount equal to 10% of the Consideration should the termination of the SPAs arise from a default by the Purchaser as contemplated under Section 3.1.8.1 (c) or (d), the Purchaser shall not be liable to pay any rental or compensation for the period the Purchaser is deemed to have legal possession or vacant possession of the Properties.

3.2 Independent Valuation

In conjunction with the Proposed Acquisition, the Company had commissioned an independent valuer, Cheston International (KL) Sdn. Bhd. (“**Independent Valuer**”) to conduct an independent valuation of the Properties (“**Independent Valuation**”), and a report on the Independent Valuation was issued by the Independent Valuer on 23 March 2020 (“**Independent Valuation Report**”). A copy of the valuation certificate setting out a summary of the Independent Valuation Report dated 23 March 2020 is reproduced in Appendix C of the Circular (“**Valuation Certificate**”).

The aggregate market value of the Properties as determined by the Independent Valuer, based on the comparison and investment method of valuation, is RM23,800,000 (approximately S\$7,717,000), and the market value attributed to each Property is set out in Column 5 of the table in Appendix A.

3.3. The Properties

3.3.1 Properties

The Properties comprise six (6) units in a commercial leasehold building by the name of Sin Heap Lee Business Centre and located at Jalan SR 8/1, 43300 Seri Kembangan, Selangor, Malaysia as set out in Appendix A, a further description of which is set out below:

	Block No ⁽¹⁾	Floor or Unit No.	Gross Floor Area/ Sq. Ft.	Net Lettable Area/ Sq. Ft.
Property 1	1	G	3,197	2,024
		1		2,702
		2		2,702
		3		2,702
Property 2	3-5	G ⁽²⁾	3,853	3,111
		1		3,348
		2 ⁽²⁾		3,348
		3		3,348
Property 3	7-9	G ⁽²⁾	3,853	3,111
		1 ⁽²⁾		3,348
		2		3,348
		3		3,348
Property 4	2-4	G ⁽²⁾	4,898	3,574
		1		4,359
		2		4,359
		3		4,359
Property 5	6-8	G ⁽²⁾	3,853	3,111
		1 ⁽²⁾		3,348
		2		3,348
		3		3,348

Property 6	10-12	G ⁽²⁾	3,853	3,111
		1 ⁽²⁾		3,348
		2		3,348
		3		3,348
Totals			23,507	79,401

Note:

(1) The Properties comprise six (6) blocks of four storey terraced shop/offices comprising two (2) corner blocks and four (4) intermediate blocks located within Sin Heap Lee Business Centre situated at Jalan SR 8/1, 43300 Seri Kembangan, Selangor, Malaysia, with an aggregate land size of 23,507 sq. ft., and net lettable area of 79,401 sq. ft.

(2) Tenanted Properties as at the Latest Practicable Date.

The Properties are held under a 99-years leasehold title expiring on 23 September 2090.

The Vendor had acquired the Properties under a developer sale from the Developer, and under the terms of the SPAs, the Vendor has agreed and undertaken to provide or procure the Developer to provide the relevant Transfer Documents in order to enable the Purchaser to effect registration of the transfer the Properties in favour of the Purchaser on Completion of the Proposed Acquisition.

Save as disclosed below, to the knowledge of the Company, the Developer is not related to any Director, CEO or controlling shareholder of the Company.

As at the Latest Practicable Date, the Developer is 50% owned by Dato' Sri Yap and 50% owned by the brother of Dato Sri' Yap. As the Developer is an associate (as defined under Chapter 9 of the Catalist Rules) of a controlling shareholder, the proposed entry of the Novation Deeds, inter alia, between the Developer and the Purchaser will be considered as interested person transactions pursuant to Chapter 9 of the Catalist Rules. However, as it is the Vendor's obligation, pursuant to the terms of the SPAs, to procure the Developer to enter into the Novation Deeds with the Purchaser, inter alia, for purposes of assigning or transferring the benefit of the Tenancy Agreements to the Purchaser in accordance with the terms of the SPAs, and the Purchaser will not be giving any consideration to the Developer to enter into the Novation Deeds, the amount at risk to the Purchaser in respect of such transactions will be nil.

3.3.2 Tenanted Properties

3.3.2.1 Tenancy Agreements

Under the terms of the SPAs, the Tenanted Properties are being sold subject to the relevant Tenancy Agreements applicable to such Tenanted Properties, which have been entered into between the Developer and the Tenants under such Tenancy Agreements.

As at 23 March 2020, being the date of the Independent Valuation Report and the Valuation Certificate, eight (8) out of the total twenty-four units of the Properties were tenanted out. As at Latest Practicable Date, nine (9) out of total twenty-four units of the Properties are currently tenanted, with a new Tenancy Agreement dated 14 July 2020 being signed in respect of a unit in block 3-5 of Property 2, with rental terms ranging between one (1) to two (2) years and the expiry

dates ranging from December 2020 to July 2022. Although, the tenancy for such unit in block 3-5 of Property 2 was obtained subsequent to the date of the Independent Valuation Report and the Valuation Certificate, the Company understands that the rental obtained for such unit is in line and in accordance with the market rates used by the Independent Valuer in connection with the Independent Valuation and accordingly, should not have a material adverse impact on the valuation of the Properties as contemplated under the Independent Valuation.

As at the Latest Practicable Date, the aggregate rental income derived from the Tenanted Properties is approximately RM52,045 per month or approximately S\$16,875 per month or approximately RM624,540 or approximately S\$202,500 per annum. As stated in Section 2.2.2 of the Valuation Certificate, the estimated annual expenses or outgoings of the Properties (including the Tenanted Properties) is approximately RM188,267 or approximately S\$61,044. Based on the current tenancy status, the rental income generated from the Tenanted Properties exceeds the annual outgoings for the Properties.

Based on the current tenancy and occupancy rate of 37.5%, the gross and the estimated net yield for the Properties are approximately 2.7% per annum and 1.9% per annum respectively. While not all the Properties are tenanted out as at the Latest Practicable Date, the Company understands that comparable units in the surrounding area are generally well-occupied but the Vendor has represented that it has not been actively marketing such units *inter alia* as it was previously exploring other options for such units, including occupation for own use. The Directors and the management of the Company are confident that, *inter alia*, with more active marketing and barring unforeseen circumstances, there are reasonable prospects for procuring additional tenancy(ies) for the Properties which are currently vacant in the mid to long term, and thereby increasing the occupancy rate as well as the yield of the Properties.

The Directors are accordingly of the view that the Proposed Acquisition will contribute to the Group's earnings as the Properties are already generating profit based on the current tenancy status with potential for increased yield, and will provide a hedge against inflation as well as potential capital gains.

3.3.2.2 Novation Deeds

Under the terms of the SPAs, the Vendor has warranted and represented that, notwithstanding that the Developer, and not the Vendor, is the party to the Tenancy Agreements, the Vendor has full rights, benefits and interests in the Tenancy Agreements and is entitled and empowered to procure the Developer to perform or fulfil the obligations to novate or assign the rights and benefits of the Tenancy Agreements in favour of the Purchaser with effect from the Full Payment Date.

The Vendor has agreed to cause the Developer to execute, and use its best endeavours to cause the Tenants to execute the Novation Deeds in respect of the relevant Tenancy Agreements, or in the event if, notwithstanding the Vendor's best endeavours, any of the Tenants shall refuse to execute the Novation Deed in respect of the relevant Tenancy Agreement, the Vendor shall cause the Developer to execute a deed of assignment whereby the Developer shall assign to the Purchaser all the Developer's rights, title, benefit and interest under the relevant Tenancy Agreements.

3.3.2.3 Tenancy in relation to Unit 3-5-2 of Property 2

The Tenant of one of the Tenanted Properties, namely Unit 3-5-2 of Property 2 is Sin Heap Lee Development Sdn Bhd. Sin Heap Lee Development Sdn Bhd is a wholly-owned subsidiary of SHL Consolidated. The rental rate paid by Sin Heap Lee Development Sdn Bhd is in accordance with market rates.

As Dato' Sri Yap holds an aggregate of 26.83% of the issued share capital of SHL Consolidated as at the Latest Practicable Date, Sin Heap Lee Development Sdn Bhd is not an associate (as defined under Chapter 9 of the Catalist Rules) of Dato' Sri Yap and accordingly the Tenancy Agreement in relation to Unit 3-5-2 of Property 2 is not an interested person transaction.

Save as disclosed above, to the knowledge of the Company, none of the Tenants of the Tenanted Properties are related to any Director, CEO or controlling shareholder of the Company.

3.4. Information on the Vendor

Sin Heap Lee Properties Sdn. Bhd. (Company No. 198801005393 (172750-U)), a company incorporated in Malaysia under the Companies Act 1965, is wholly owned by YTC Global Sdn Bhd, which in turn is wholly owned by Yap Teiong Choon Holdings Sdn Bhd ("YTCH"). The Shareholders of YTCH are Dato' Sri Yap, Phan Foo Beam, Yap Weng Yau (an Executive Director of the Company), Yap Po Leen and Yap Ai Leen, who respectively hold 71%, 14%, 5%, 5% and 5% of the issued share capital of YTCH.

The Vendor's principal activity is holding investments in properties located in Malaysia.

3.5. Rationale for the Proposed Acquisition

The Proposed Acquisition presents an attractive opportunity for the Group to acquire an investment property in a good location and with immediate rental returns or yield, at a price which is below prevailing market valuation and is in line with the strategic direction of the Group to adopt and implement the Proposed Property Business Expansion.

The Board is of the view that the Proposed Acquisition would enable the Company to enhance shareholders' returns by diversifying income streams to include rental income which is relatively stable and earnings accretive, and with the potential for capital appreciation, and accordingly is in the interest of the Company. The Group's revenue has been on a downward trend having declined from approximately S\$4,100,000 in the six month period ended 31 March 2019 to approximately S\$1,100,000 in the six month period ended 31 March 2020 and from approximately S\$11,100,000 in FY2018 to approximately S\$7,100,000 in FY2019.

Moreover, in the event the Consideration were to be settled (whether in whole or in part) through the use of the Amounts Owing by Vendor Related Party to Purchaser Related Parties which may be due or owing by the Vendor Related Party to the Purchaser Related Parties to set-off against such Consideration under the Set-Off Arrangement, the actual cash outlay which the Purchaser would need to expend to pay for the Consideration due to the Vendor will be reduced accordingly, which would be beneficial to and in the interest of the Purchaser and the Group. Furthermore, the Group will be holding the Properties which may generate rental income as compared to holding non-interest bearing receivables.

As the Proposed Acquisition is being contemplated by the Company in conjunction with the Proposed Property Business Expansion, the Proposed Acquisition will be subject to, and conditional upon, *inter alia*, the approval of the Proposed Property Business Expansion by shareholders of the Company to be obtained at the EGM.

3.6. Source of Funds

As mentioned in Section 3.1.4 above, as contemplated under the terms of the SPAs and the Side Letters, the Purchaser and the Vendor have to mutually agree on the manner in which the Consideration shall be settled and satisfied. The Purchaser will decide in due course on whether to settle or satisfy the Consideration (or any part thereof) via cash or through the Set-Off Arrangement (which, if utilized, may not require cash outlay from the Purchaser) after taking into consideration, *inter alia*, the existing cash reserves of the Group.

As at the Latest Practicable Date, the Directors are of the opinion that, barring unforeseen circumstances and after taking into account the Set-Off Arrangement for the Proposed Acquisition, the working capital available to the Group is sufficient to meet its requirements for the next 12 months. As currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of the Consideration through the Set-Off Arrangement, *inter alia*, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1,200,000.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition set out below are strictly for illustrative purposes only and should not be taken as an indication of the actual financial performance of the Group following the Proposed Acquisition nor a projection of the future financial performance or position of the Group after Completion.

4.1 Assumptions

The financial effects of the Proposed Acquisition set out below were prepared based on the consolidated accounts of the Group for the most recently completed financial year (being the financial year ended 30 September 2019) after excluding treasury Shares subject to the following assumptions:

- (a) for purposes of computing the effect of the NTA per Share of the Group, it is assumed that the Proposed Acquisition was completed on 30 September 2019;
- (b) for purposes of computing the effect of the Proposed Acquisition on the EPS, it is assumed that the Proposed Acquisition was completed on 1 October 2018; and
- (c) the expenses in connection with the Proposed Acquisition have been excluded.

4.2 Pro Forma NTA

FOR ILLUSTRATION PURPOSES ONLY: The financial effects of the Proposed Acquisition on the Group's NTA are set out below:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to equity holders of the Company (S\$'000)	64,694	64,694
Number of ordinary shares in issue (excluding treasury shares)	898,117,536 ⁽¹⁾	898,117,536
NTA per Share (Singapore cents)	7.20	7.20

Note:

(1) As at 30 September 2019 (excluding treasury Shares, which are deemed to be acquired on 30 September 2019).

4.3 Pro Forma EPS

FOR ILLUSTRATION PURPOSES ONLY: The financial effects of the Proposed Acquisition on the Group's EPS are set out below:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profits attributable to equity holders of the Company (S\$'000)	1,516	1,648
Number of ordinary shares in issue ('000) (excluding treasury shares)	898,117,536 ⁽²⁾	898,117,536
EPS (Singapore cents)	0.169	0.183

Note:

(2) As at 1 October 2018 (excluding treasury Shares, which are deemed to be acquired on 1 October 2018).

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures in relation to the Proposed Acquisition pursuant to Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Relative Figure
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(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not Applicable. The Proposed Acquisition is an acquisition of assets.
(b) The net profits attributable to the assets acquired or disposed of, compared with the Group's net profit ⁽¹⁾ .	14.6% ⁽²⁾
(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	26.6% ⁽³⁾
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable, as no shares are issued as consideration for the Proposed Acquisition.
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable, as this basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.

Note:

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Computed based on the net profits of S\$66,000 being the net rental income derived from the Properties for the half year period ending 31 March 2020 and the net profits of the Group of S\$451,000 based on the Group's latest announced financial statements for the half year ended 31 March 2020.
- (3) Computed based on the Consideration of RM22,800,000 (equivalent to approximately S\$7,392,756 and the Company's market capitalisation of S\$27,841,643 as at 29 July 2020 (being the last market day on which the shares were traded preceding the date of the SPAs). The market capitalisation of the Company is determined by multiplying the number of shares in issue (being 898,117,536 Shares, excluding treasury shares) by the weighted average price of S\$0.031 of such shares transacted on 29 July 2020 (being the last market day on which the shares were traded preceding the date of the SPAs).

As the relative figures computed on the applicable bases as set out in Rule 1006 of the Catalist Rules exceed 5%, the Proposed Acquisition is a "Discloseable Transaction" for the purposes of Chapter 10 of the Catalist Rules.

6. THE PROPOSED ACQUISITION AS INTERESTED PERSON TRANSACTION

The Vendor is an associate of Dato' Sri Yap and Phan Foo Beam, who are Controlling Shareholders of the Company, and Yap Weng Yau, an Executive Director of the Company, and is therefore an "interested person" under Chapter 9 of the Catalist Rules of the SGX-ST, and accordingly, the

Proposed Acquisition constitutes an interested person transaction for the purposes of Chapter 9 of the Catalist Rules.

Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 September 2019, the audited consolidated NTA of the Group was approximately S\$64,760,000. For the purposes of Chapter 9 of the Catalist Rules, the value of the Proposed Acquisition based is approximately 11.4% of the latest audited consolidated NTA of the Group. As such, the Proposed Acquisition is an interested person transaction which is subject to the approval of the Company's shareholders at an extraordinary general meeting to be convened pursuant to Rule 906(1)(a) of the Catalist Rules. Pursuant to Rule 919 of the Catalist Rules, the Interested Person Group will abstain from voting on the resolution approving the Proposed Acquisition, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM.

As at the Latest Practicable Date, the Group has not entered into any transactions with the Interested Person Group in the current financial year ending 30 September 2020 save for an interest bearing loan of USD500,000 extended by Olander Ltd to the Company.

7. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Asian Corporate Advisors Pte. Ltd. as the IFA to the Independent Directors for the Proposed Acquisition.

The IFA Letter dated 11 August 2020 to the Independent Directors containing its advice on the Proposed Acquisition is reproduced and appended in Appendix B to this Circular. Shareholders are advised to read the IFA Letter as set out in Appendix B to this Circular in full, including its “*Evaluation of the Proposed Acquisition as an IPT*” as set out in Section 5 of the IFA Letter and its “*Opinion*” as set out in Section 6 of the IFA Letter.

The following is an extract from Section 6 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

6. OPINION

In arriving at our recommendation, we have reviewed and examined all factors which we have considered to be pertinent in our assessment of the Proposed Acquisition as an IPT, including the views of and representations by the Directors and the Management. Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position of the Company after completion of the Proposed Acquisition as an IPT, or whether the Company or the Group can improve their financial position and performance, and cash flow or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Acquisition. Our views, recommendation and opinion are thus necessarily limited and subject to the matters stated in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

In arriving at our opinion in respect of the Proposed Acquisition as an IPT, we have reviewed and examined the following key considerations:

- (a) *The rationale for and the Directors' view and opinion on the Proposed Acquisition (as set out in Section 3.5 of the Circular and Section 5.1 as well as others of this Letter), in particular, the following:*
- (i) *The Directors' view that the Proposed Acquisition presents an attractive opportunity for the Group to acquire an investment property in a good location and with immediate rental returns or yield, at a price which is below prevailing market valuation.*
 - (ii) *The Directors' opinion that the Proposed Acquisition would enable the Company to enhance shareholders' returns by diversifying income streams to include rental income which is relatively stable and earnings accretive, and with the potential for capital appreciation, and accordingly is in the interest of the Company.*
 - (iii) *The Consideration for the Proposed Acquisition were to be settled (whether in whole or in part) through the Set-Off Arrangement rather than by way of cash payment, the actual cash outlay which the Purchaser would need to expend to pay for the Consideration due to the Vendor will be reduced accordingly, which would be beneficial to and in the interest of the Purchaser and the Group.*
 - (iv) *The Proposed Acquisition is in anticipation of the business outlook for the Group and to provide new revenue stream for the Group as the Group's revenue has been on downwards trend. The Group's revenue declined from approximately S\$4.1 million in HY2019 to approximately S\$1.1 million in HY2020 and from approximately S\$11.1 million in FY2018 to approximately S\$7.1 million in FY2019. The Directors and the Management further confirmed that the Proposed Acquisition is in line with the strategic direction of the Group being adoption and implementation of the Proposed Property Business Expansion (to, inter alia, expand the Property Development Business and Construction Business to include the territory of Malaysia).*
- (b) *The Consideration for the Proposed Acquisition is supported by the market value ascribed by the Independent Valuer as at the Valuation Date. We note from Section 3.1.1 of the Circular that the Consideration amounted to RM22,800,000, which represents a discount of approximately 4% from the market value of the Properties as ascribed by the Independent Valuer.*

In connection with the market value of the Properties as ascribed by the Independent Valuer, Independent Shareholders should note the following as stated in the Valuation Certificate, inter alia:-

- (i) *According to the Valuation Certificate, the market value derived from the Comparison Method and the Investment Method is RM23.8 million and RM23.3 million respectively. The Independent Valuer have adopted the Comparison Method value of RM23.8 million as the accurate market value of the Properties in view that that the appropriate approach to arrive at the market value of the Properties is by using the Comparison Method as this method is widely adopted in the industry for valuation of homogeneous properties like the Properties which has minimal dissimilarities and require less complicated adjustments. As an illustration we note that in the event the Investment Method (which is not prescribed by the Independent Valuer) is used, the Consideration for the Properties will represent a discount of approximately 2% from market value of the Properties based on the Investment Method.*

- (ii) *The Independent Valuer have adopted the Investment Method to check the reasonability of the market value derived from the Comparison Method. The market value derived from the Investment Method is based on the passing rentals of the Tenanted Properties and asking rentals of similar types of properties in the vicinity and neighbourhood. As the actual rental evidences of similar type of properties are limited and treated as confidential information and are also subject to various covenants and responsibilities of landlords and tenants, there is an absence of sufficient and accurate rental evidences. As such, the Investment Method may not provide accurate market values of the Properties.*
- (iii) *The market approach (Comparison Method) is based on the prices which are concluded in the open market between willing buyers and willing sellers through a price mechanism. The market approach also takes into consideration other relevant factors which have impact on the prices comprising the purchaser's capacity, knowledge and understanding of the relative utilities of the properties. Hence, the Independent Valuer has considered the total market value derived from the Comparison Method of RM23.8 million as fair and accurate representation of the market value of the Properties supported by the Investment Method.*
- (c) *As represented and confirmed by the Directors and the Management, as at the Latest Practicable Date, nine (9) out of total twenty four (24) units of the Properties are currently tenanted with rental terms ranging between one (1) to two (2) years and the expiry dates ranging from December 2020 to July 2022. This implies an occupancy rate of 37.5% for the Properties as at the Latest Practicable Date. As at the Latest Practicable Date, the aggregate rental income derived from the Tenanted Properties is approximately RM52,045 per month or approximately RM624,540 per annum. As stated in Section 2.2.2 of the Valuation Certificate, the estimated annual expenses or outgoings of the Properties (including the Tenanted Properties) is approximately RM188,267.*

The Management represented that based on the current tenancy and occupancy rate of 37.5%, the gross and the estimated net yield for the Properties are approximately 2.7% per annum and 1.9% per annum respectively. We note from the Circular that while not all the Properties are tenanted out as at the Latest Practicable Date, the Company understands that comparable units in the surrounding area are generally well-occupied but the Vendor has represented that it has not been actively marketing such units, inter alia, as it was previously exploring other options for such units, including occupation for own use. The Directors and the Management are confident that, inter alia, barring unforeseen circumstances, there are reasonable prospects for procuring additional tenancy(ies) for the Properties which are currently vacant in the mid to long term, and thereby increasing the occupancy rate as well as the yield of the Properties.

The Directors are accordingly of the view that the Proposed Acquisition will contribute to the Group's earnings as the Properties are already generating profit based on the current tenancy status with potential increased yield, and will provide a hedge against inflation as well as potential capital gains. Based on the current tenancy status, the rental income generated from the Tenanted Properties exceeds the annual outgoings for the Properties.

Independent Shareholders should note that (a) there is no assurance and no certainty that the Tenanted Properties will continue to be able to generate similar rental income after expiry of the respective tenancy agreement or whether the tenancy agreements will be renewed upon expiry or the occupancy rate of the Properties will remain stable or improve going forward; and (b) the annual expenses or outgoings for the Properties are based on estimates as set out in the Valuation Certificate.

- (d) *Salient terms of the SPAs which we have assessed in conjunction with the following Directors' confirmations:*
- (i) *Completion of the Proposed Acquisition shall take place only when the Balance Consideration shall be paid or caused to be paid by the Purchaser to the Vendor in accordance with the terms of the SPAs and all relevant documents necessary for effecting registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances shall be duly registered.*
 - (ii) *The legal possession of the Tenanted Properties, subject to tenancy, shall be deemed to be delivered by the Vendor to the Purchaser on the day immediately after the Full Payment Date;*
 - (iii) *All rights, interests and benefits of the Vendor under the Tenancy Agreements shall be deemed to have been assigned, transferred to and vested in the Purchaser pursuant to the terms of the Novation Deeds on the day immediately after the Full Payment Date;*
 - (iv) *All rent in respect of the Tenanted Properties for the period up to and including the Full Payment Date shall belong to the Vendor and all rent in respect of the Tenanted Properties for the period after the Full Payment Date shall belong to the Purchaser; and*
 - (v) *The Vendor shall deliver vacant possession of the Properties which are not Tenanted Properties or Tenanted Properties whose Tenancy Agreements have been terminated or have lapsed within five (5) working days from the Full Payment Date.*
 - (vi) *The Pre-Completion Arrangements and rationale for it, in particular, the Board's opinion that while the Pre-Completion Arrangements may pose certain risks to the Purchaser, including the risk of the Purchaser not being able to obtain registration of the title of the Properties in its name due, inter alia, to the Government Approvals not being obtained and having to recover the Balance Consideration from the Vendor in such event, such risks are mitigated, inter alia, through the termination and unwinding provisions provided for in the SPAs as further elaborated in Section 3.1.8 of the Circular, and the provisions for unwinding of the Set-Off Arrangement as further elaborated in Section 3.1.4.3 of the Circular, in the event all or any part of the Consideration were to be settled and satisfied through the Set-Off Arrangement.*
- (e) *As mentioned in Section 3.1.4 of the Circular, as part of the Set-Off Arrangement, the Consideration may be settled and satisfied (partially or entirely) through set-off against the Amounts Owing by the Vendor Related Parties to the Purchaser Related Parties. Pursuant to the Proposed Acquisition and Set-Off Arrangement, the Company will be holding the Properties which generate rental income as compared to holding non-interest bearing receivables, which have been outstanding and comprising, inter alia, (a) the amount of S\$9,498,000 owing by Amanland to CBS as a result of Amanland's assumption of the liability of SVC and CBS assuming the rights of CBVN in respect of a security deposit for performance of US\$10,000,000 originally paid by CBVN to SVC in connection with a joint development agreement for the development of certain properties in Vietnam which was subsequently terminated on 28 August 2019, following which the security deposit was assigned and earmarked for future contracts to be awarded by SVC, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25%*

of CBS which was completed on 12 April 2019; (b) the net resulting amount of S\$5,498,585 owing by Amanland to CBS as a result of Amanland's assumption of the liability of certain debts from Regional Connexion Limited in prior years, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019; and (c) the amount of S\$1,679,711 owing by Amanland to CBVN as a result of Amanland's assumption of the liability of two individuals to CBVN in respect of fees paid to them.

We note from the Circular that as currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement, inter alia, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million.

- (f) The potential financial effects of the Proposed Acquisition as outlined in Section 4 of the Circular. We note that the Proposed Acquisition will lead to higher EPS for the Group due to the rental income derived from the Tenanted Properties and no effect on the Group's NTA per Share and financial position in terms of gearing ratio (as under the terms of the Side Letters, the Consideration may be satisfied (in whole or in part) by cash using internal resources and/or by setting off all or part of the Consideration against the Amounts Owing by Vendor Related Party to Purchaser Related Parties under the Set-Off Arrangement). As currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement, inter alia, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million. As at the Latest Practicable Date, the Directors are of the opinion that, barring unforeseen circumstances and after taking into account the Set-Off Arrangement for the Proposed Acquisition, the working capital available to the Group is sufficient to meet its requirements for the next 12 months.
- (g) The Proposed Acquisition is subject to and conditional upon the Proposed Property Business Expansion being approved at the EGM. This means that if the resolution pertaining to the Proposed Property Business Expansion is not passed, the resolution pertaining to the Proposed Acquisition will not be passed.

Independent Shareholders should also note that Malaysia was excluded as a market in the Property Development Business and the Construction Business to be carried out by the Group at time of the 2014 Shareholders' Approval, inter alia, as it was considered that there may be potential conflicts of interest arising if the Group were to carry out its Property Development Business and the Construction Business in Malaysia. We note from the Circular that Dato' Sri Yap has ceased to be an executive director of the Company since 30 May 2016 and has also ceased to be an executive director of SHL Consolidated since 29 August 2019.

In view of such changes to Dato' Sri Yap's role and involvement in the business of the Group and the SHL Consolidated Group, Management and Directors have confirmed that the earlier concerns of potential conflicts of interest arising should the Group carry out the Property Development Business and the Construction Business in Malaysia may no longer be applicable or material, and the Directors are of the reasonable opinion that it would be in the interests of the Company to expand its Property Development Business and Construction Business to include the territory of Malaysia.

(h) Other relevant considerations as set out in Section 5.4 of this Letter.

Having considered the above, inter alia, the Independent Valuation Report, intentions etc., and subject to the limitations, qualifications and assumptions set out in this Letter and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to our terms of reference, **we are of the opinion that, on balance, the Proposed Acquisition as an IPT, is ON NORMAL COMMERCIAL TERMS, and NOT PREJUDICIAL to the interest of the Company and its Minority Shareholders.**

Recommendation

Based on our assessment of the financial terms of the Proposed Acquisition as an IPT as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote in favour of the Proposed Acquisition as an IPT to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, inter alia, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Independent Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Acquisition as an IPT.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and Management and therefore does not reflect any projections or future financial performance of the Company or the Group after the completion of the Proposed Acquisition as an IPT and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Acquisition as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

- (1) We have not made any independent evaluation or appraisal of the Properties (including without limitation, market value or economic potential) and we have not been furnished with any such evaluation and appraisal save for the Independent Valuation Report and the Valuation Certificate from the Independent Valuer in respect of the market value of the Properties. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, inter alia, the Properties and relied on the opinion of the Directors and the financial statements (audited and unaudited) of the Group, where applicable for the assessment.
- (2) The Directors have noted that as at the Valuation Date, eight (8) out of the total twenty-four units of the Properties were tenanted out and subsequent to the Valuation Date, a new tenancy agreement was entered into on 14 July 2020 in respect of a unit in block 3-5 of Property 2 for two (2) years period commencing from 1 August 2020. As at Latest Practicable Date, nine (9) out of total twenty-four units of the Properties are currently tenanted with rental terms ranging between one (1) to two (2) years and the expiry dates ranging from December 2020 to July 2022. We note from the Circular that

although, the tenancy for such unit in block 3-5 of Property 2 was obtained subsequent to the date of the Independent Valuation Report and the Valuation Certificate, the Company understands that the rental obtained for such unit is in line and in accordance with the market rates used by the Independent Valuer in connection with the Independent Valuation and accordingly, should not have a material adverse impact on the valuation of the Properties as contemplated under the Independent Valuation. The Directors confirmed that notwithstanding the new tenancy agreement for the unit in block 3-5 of Property 2, there will be no material variation in the aggregate market value of the Properties in view that the rental for the said unit in block 3-5 of Property 2 is in line and in accordance with the market rates used by the Independent Valuer.

- (3) *It is not within our scope to opine on the future financial performance or position of the Company or the Group subsequent to the Proposed Acquisition or the possibility or probability that the Group can improve their profitability or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Acquisition or the viability, profitability and risks of the Proposed Acquisition.*
- (4) *As currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement, inter alia, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million. As at the Latest Practicable Date, the Directors are of the opinion that, barring unforeseen circumstances and after taking into account the Set-Off Arrangement for the Proposed Acquisition, the working capital available to the Group is sufficient to meet its requirements for the next 12 months.*
- (5) *The Directors have confirmed that they are aware of the risk arising from the Pre-Completion Arrangements (including, inter alia, the risk of the Purchaser not being able to obtain registration of the title of the Properties in its name due, inter alia, to the Government Approvals not being obtained and having to recover the Balance Consideration from the Vendor in such event), and they are satisfied that such risks are mitigated, inter alia, through the termination and unwinding provisions in the SPAs as well as the provisions for unwinding of the Set-Off Arrangement, and that the Purchaser will be able to get the benefit of, and account for the rental income from the Tenanted Properties as part of its revenue for the period after the Full Payment Date.*
- (6) *Our scope does not require us to opine on the ability of the Properties to generate rental income. Independent Shareholders should note that there is no assurance and no certainty that (a) the Tenanted Properties will continue to be able to generate similar rental income after expiry of the respective tenancy agreement or whether the tenancy agreements will be renewed upon expiry; (b) the occupancy rate of the Properties will remain stable or improve going forward; and (c) the Properties will be able to fetch the estimated rental rate as stated in the Valuation Certificate.*

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Independent Directors to advise any individual Shareholder or group of Shareholders who may require specific advice in the

context of investments or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

8. THE PROPOSED MANUFACTURING BUSINESS DIVERSIFICATION

8.1 Information on CAM

CAM is a company incorporated in the Republic of the Philippines and has a total issued and paid up share capital of 48,000,000 ordinary shares of par value Peso 1 each as at the Latest Practicable Date.

CAM is principally engaged in the Manufacturing Business in the Philippines and is presently a one-stop manufacturing centre with advanced plant and equipment and facilities to undertake such business.

CAM operates from five main industrial buildings and related facilities located within a PEZA economic zone known as The Light Industry and Science Park II, Calamba City, Laguna, Philippines, with a total built-up area of about 9,000 square meters, which are being leased from CAM VD.

The audited profit before tax of CAM for FY2019 was Peso 6,400,000 (approximately S\$171,000) while the audited net asset value of CAM as at 30 September 2019 was Peso 123,500,000 (approximately S\$3,290,000).

As Manufacturing Business is currently not part of the core businesses of the Group, the Company's investment in CAM under the CAM Mechatronics Acquisition was made outside of the ordinary course of business of the Company.

Such investment is not expected to have a material impact on or materially change the risk profile of the Group, *inter alia*, as it is not a major transaction falling under chapter 10 of the Catalist Rules and the Board was of the reasonable opinion that the CAM Mechatronic Acquisition is not expected to have a material impact on or materially change the risk profile of the Group, *inter alia*, as the value of the consideration given comprised only 3% of the net assets of S\$67,000,000 of the Group as at 31 March 2020.

The Company will continue to monitor and review its investment in CAM and depending, *inter alia*, on CAM's financial performance and growth of its business, there may be opportunities to expand such business, *inter alia*, for reasons as elaborated in Section 8.2 below. In such cases, additional capital or funding requirements may be required by CAM and the Company may be asked to consider providing shareholders' support in connection therewith. In addition, the Company may also wish to consider increasing its shareholding interest in CAM to a majority interest, so as to be able to consolidate the financial results of CAM after it becomes a subsidiary.

The CAM Mechatronic Acquisition was completed on 31 July 2020, pursuant to which the Company is the legal and beneficial owner of 40% of the equity interest in CAM, with the remaining 60% of the equity interest in CAM being held by CMP Mechatronics Inc. Following completion of the CAM Mechatronic Acquisition, CAM has become an associated company of the Company.

8.2 Rationale for the Proposed Manufacturing Business Diversification

The Group's existing businesses consist principally of property development, construction and construction-related activities as well as holding of investments, and the Company has been seeking new core businesses and/or new business opportunities that could result in greater profitability for the Group in the mid to long term.

The Manufacturing Business is not unfamiliar to the Company since it used to run the Manufacturing Business under CAM before the management buyout of the manufacturing operations in 2014 and the 2016 Disposal.

The manufacturing sector in the Philippines has been growing rapidly in the past few years as a result of the diversification of the global supply chain, with many MNCs diversifying their production sites to reduce risks. The trade war between the United States and China seems to be intensifying and will likely be a permanent feature going forward. This should benefit countries such as Philippines and Vietnam, since the manufacturing sectors in such countries may be well-placed, given their cost structures, availability of labour and other factors, to step in to replace some of the manufacturing activities or trade currently conducted between China and the United States.

Since the 2016 Disposal, CAM has turned from a loss-making position to being profitable for the past 4 years, and the Board is of the reasonable opinion that the Manufacturing Business in the Philippines has prospects for growth due, *inter alia*, to recent trends and developments in trade diversification as elaborated above, and also because CAM has recently increased its capacity in CNC machining and casting, ventured into the assembly business, and expanded its product offerings to include mould-making and tooling, which complements its existing casting and machining capabilities.

Outside of the Philippines, there are other markets, such as Vietnam, where there may also be prospects for growth of the Manufacturing Business and since the Group's existing business and operations cover Vietnam, there may be opportunities for the Group to explore establishing a presence in such markets in relation to the Manufacturing Business, whether within the Group and/or through joint ventures, strategic alliances or collaborations or otherwise.

In view of the foregoing reasons, the Board is of the opinion that the Company should include the Manufacturing Business as a new core business of the Company.

As mentioned earlier, the Company's investment in CAM is regarded as being outside of the ordinary course of business of the Company as Manufacturing Business is currently not part of the core businesses of the Group.

Under the Catalist Rules, investments or other activities undertaken or carried out by the Group outside of the ordinary course of business would have to be subject to the applicable rules under the Catalist Rules including having to seek Shareholders' approval *inter alia*, should the Group decide to make investments or provide financial assistance which may be considered as "Major Transactions" under Chapter 10 of the Catalist Rules, or should the Group decide to acquire material properties or assets, incur material capital expenditure or commitments or assume or incur material borrowings or other liabilities which may result in any significant change in the risk profile of the Group.

The Proposed Manufacturing Business Diversification, if approved by Shareholders, will give the Company the flexibility to explore or pursue transactions such as acquisitions or investments, or to increase or scale up on its business or activities relating to the Manufacturing Business without having to consider the applicability of the relevant requirements under Chapter 10 of the Catalyst Rules, including having to seek Shareholders' approval at a general meeting as a pre-condition in the event any of such transactions were to exceed the applicable threshold levels under Chapter 10. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities that may be available to the Company and the Group, and accordingly would be in the interests of the Company and Shareholders.

If Shareholders' approval is obtained for the Proposed Manufacturing Business Diversification, subsequently, the Company will only seek Shareholders' approval in respect of the Manufacturing Business, *inter alia*, in the following situations:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalyst Rules exceeds 100% or results in a change in control of the Company, Rule 1015 of the Catalyst Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the ordinary course of business of the Group and such acquisitions must be, *inter alia*, made conditional upon approval by Shareholders at a general meeting;
- (b) pursuant to Part III of Practice Note 10A of the Catalyst Rules, where any acquisition or disposal of assets (including options to acquire or dispose assets) will change the risk profile of the Group, such acquisitions or disposals must also be made conditional upon, *inter alia*, approval by Shareholders at a general meeting, whether or not such acquisition or disposal are in the ordinary course of business of the Group; and
- (c) where any transaction constitutes an interested person transaction (as defined under the Catalyst Rules), Chapter 9 of the Catalyst Rules will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalyst Rules.

Pursuant to Rule 1005 of the Catalyst Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one (1) transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalyst Rules.

Notwithstanding the above requirements as prescribed under the Catalyst Rules, when the Group enters into its first transaction (as defined under Rule 1002(1)) of the Catalyst Rules) in respect of the Manufacturing Business where any of the Catalyst Rule 1006 figures in respect of such transaction exceeds 75% ("**First Major Manufacturing Business Transaction**"), or when the Group enters into a series of transactions (as defined under Rule 1002(1) of the Catalyst Rules) in respect of the Manufacturing Business over the course of a financial year and such transactions aggregated (the "**Aggregated Manufacturing Business Transactions**") exceeds 75.0%, such First Major Manufacturing Business Transaction or the last of the Aggregated Manufacturing Business Transactions will be made conditional upon approval of the Shareholders at general meeting.

The Company will also be required to comply with any applicable and prevailing Catalyst Rules as amended or modified from time to time.

8.3 Potential Risk Factors relating to the Proposed Manufacturing Business Diversification

Shareholders should note that the Proposed Manufacturing Business Diversification will involve certain risks being taken on by the Group. The risk factors pertaining to the Proposed Manufacturing Business Diversification is set out in Appendix D of this Circular.

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Manufacturing Business Diversification have been set out in Appendix D. Shareholders should carefully consider and evaluate the risk factors and all other information contained in the Circular before deciding whether to approve the Proposed Manufacturing Business Diversification at the forthcoming EGM.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the Shares of the Company are as follows:

	Direct Interest			Deemed Interest		
	Number	of	% ⁽¹⁾	Number	of	% ⁽¹⁾
	Shares			Shares		
Albert Saychuan Cheok	500,000		0.06	-		-
Ling Chung Yee	-		-	-		-
Chong Teik Siang	-		-	-		-
Teh Leong Kok	-		-	-		-
Phan Chee Shong	-		-	-		-
Yap Weng Yau	-		-	-		-
Woon Ooi Jin	-		-	-		-

Notes:

- (1) Based on the total issued and fully paid-up ordinary share capital of 898,117,536 (excluding treasury Shares) as at the Latest Practicable Date

As at the Latest Practicable Date, the interests of the Substantial Shareholders in the Shares of the Company are as follows:

	Direct Interest			Deemed Interest		
	Number	of	% ⁽¹⁾	Number	of	% ⁽¹⁾
	Shares			Shares		
Olander Ltd	543,723,385		60.54	-		-

Dato' Sri Yap Teiong Choon	23,155,739	2.57	543,723,385 ⁽²⁾	60.54
Phan Foo Beam	-	-	543,723,385 ⁽²⁾	60.54

Notes:

- (1) Based on the total issued and fully paid-up ordinary share capital of 898,117,536 (excluding treasury Shares) as at the Latest Practicable Date
- (2) Dato' Sri Yap and Phan Foo Beam are deemed interested in the 543,723,385 Shares held by Olander Ltd as both Dato' Sri Yap and Phan Foo Beam each individually hold a 50% interest of the issued and paid up share capital of Olander Ltd.

10. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As mentioned above, Mr Yap Weng Yau, an Executive Director of the Company, is an associate of the Vendor and has abstained from making any recommendations or voting on any Board and Board committee resolutions relating to the Proposed Acquisition.

Save as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company (other than in their capacity as Directors or Shareholders of the Company) have any interests (direct or indirect) in the Proposed Property Business Expansion, Proposed Acquisition and the Proposed Manufacturing Business Diversification.

11. STATEMENT OF THE AUDIT COMMITTEE

In relation to the Proposed Acquisition, the Audit Committee, having considered and reviewed, *inter alia*, the terms, the rationale and the benefits of the Proposed Acquisition, as well as the opinion and advice of the IFA as set out in the IFA Letter, and after discussions with the management of the Company, the Audit Committee concurs with the opinion of the IFA and is satisfied that, the terms of the Proposed Acquisition are on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders.

12. DIRECTORS' RECOMMENDATIONS

12.1 The Proposed Property Business Expansion

After having considered the rationale for the Proposed Property Business Expansion, the Directors are of the opinion that the Proposed Property Business Expansion is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of ordinary resolution 1 relating thereto as set out in the notice of EGM.

12.2 The Proposed Acquisition

After having considered, *inter alia*, the terms of, rationale for and benefits of the Proposed Acquisition and the advice of the IFA in the IFA Letter, the Independent Directors are of the opinion

that the Proposed Acquisition is in the interests of the Company and Shareholders. Accordingly, they recommend that Independent Shareholders vote in favour of the ordinary resolution 2 relating thereto as set out in the notice of EGM.

Notwithstanding the foregoing, it is recommended that Independent Shareholders should carefully consider and evaluate the advice of the IFA in the IFA Letter and all other information contained in the Circular in relation to the Proposed Acquisition before voting on ordinary resolution thereto as set out in the Notice of EGM.

12.3 The Proposed Manufacturing Business Diversification

After having considered the rationale for the Proposed Manufacturing Business Diversification, the Directors are of the opinion that the Proposed Manufacturing Business Diversification is in the interest of the Company. Accordingly, they recommend that Shareholders vote in favour of ordinary resolution 3 relating thereto as set out in the notice of EGM

13. ABSTENTION FROM VOTING

Pursuant to Rule 921 of the Catalist Rules, the Interested Person Group and parties not independent of them will abstain from voting in respect of their Shares on the Proposed Acquisition and shall not accept nomination as proxies or otherwise for voting on the Proposed Acquisition resolution unless they are given specific instructions as to voting.

14. EXTRAORDINARY GENERAL MEETING

The EGM will be held at by way of electronic means on 28 August 2020 at 3.00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the resolutions set out in the notice of EGM relating to the Proposed Property Business Expansion, the Proposed Acquisition and the Proposed Manufacturing Business Diversification.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 3.00 p.m. on 25 August 2020, at <https://bit.ly/AmplefieldEGM2020>. Members may begin pre-registration at 3.00 p.m. on 11 August 2020.

Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder by 3.00 p.m. on 27 August 2020. Shareholders should use the log-on credential created during the registration process to access the webcast and audio feed of the proceedings of the EGM. Members who do not receive an email by 3.00 p.m. on 27 August 2020 but have registered by the 25 August 2020 deadline should contact the Company’s Share Registrar, Boardroom Corporate Advisory Services Pte Ltd, by telephone at (65) 6536 5355 during Monday to Friday, from 8.30 a.m. to 5.30 p.m. or by email to amplefield-egm@boardroomlimited.com.

Members who pre-register to watch the “live” webcast or listen to the “live” audio feed may also submit questions relating to the resolutions to be tabled for approval at the EGM. Please note that members will not be able to ask questions at the EGM “live” during the webcast and the audio feed.

All questions must be submitted by 3.00 p.m. on 18 August 2020

- (a) via the pre-registration website at <https://bit.ly/AmplefieldEGM2020>; or
- (b) if sent personally or by post, be received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Members (whether individuals or corporates) who wish to exercise their voting rights at the Extraordinary General Meeting must appoint the Chairman of the Meeting as their proxy by completing, signing and returning the Proxy Form attached to the Notice of EGM, in accordance with the instructions printed therein, and:

- (a) if submitted by email, be received by the Company’s Share Registrar, at amplefield-egm@boardroomlimited.com; or
- (b) if sent personally or by post, be received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

In either case no later than 3.00 p.m. on 25 August 2020, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

16. CONSENTS

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (a) its name; and (b) the IFA Letter, and all references thereto, in the form and context in which it appears in this Circular.

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of (a) its name; and (b) the Valuation Certificate and all references thereto, in the form and context in which it appears in this Circular.

The Company’s legal advisers, Altum Law Corporation, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which it appears in this Circular.

17. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best

of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Property Business Expansion, the Proposed Acquisition and the Proposed Manufacturing Business Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

18. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 101A Upper Cross Street, #11-16, People's Park Centre, Singapore 058358 during normal business hours from the date of this Circular for a period of three (3) months:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2019;
- (c) the SPAs;
- (d) the Valuation Certificate and the Independent Valuation Report
- (e) the Side Letters;
- (g) the IFA Letter; and
- (h) the letters of consent referred to in Section 16 above.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to amplefield-egm@boardroomlimited.com to make an appointment in advance. The Company will arrange a date when each shareholder can come to the registered office to inspect the documents accordingly. The inspection of documents will be arranged with each shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

Yours faithfully

ALBERT SAYCHUAN CHEOK
Chairman

For and on behalf of the Board of Directors of
Amplefield Limited

11 August 2020

APPENDIX A

THE PROPERTIES IN RELATION TO THE PROPOSED ACQUISITION

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Address	Land Size (Sq. Ft.)	Net Lettable Area (Sq. Ft.)	Vendor	Independent Valuation	Discount to Independent Valuation	Consideration	Deposits	Balance Consideration
Property 1	Premises No. 1, Sin Heap Lee Business Centre, Jalan SR 8/1, 43300 Seri Kembangan	3,197	10,130	Sin Heap Lee Properties Sdn. Bhd. [Company No. 198801005393 (172750-U)]	RM3,450,000	(RM145,000)	RM3,305,000	RM330,500	RM2,974,500
Property 2	Premises No. 3-5, Sin Heap Lee Business Centre, Jalan SR 8/1, 43300 Seri Kembangan	3,853	13,155	Sin Heap Lee Properties Sdn. Bhd. [Company No. 198801005393 (172750-U)]	RM3,900,000	(RM 164,000)	RM3,736,000	RM373,600	RM3,362,400
Property 3	Premises No. 7-9, Sin Heap Lee Business Centre, Jalan SR 8/1, 43300	3,853	13,155	Sin Heap Lee Properties Sdn. Bhd. [Company No. 198801005393 (172750-U)]	RM3,900,000	(RM 164,000)	RM3,736,000	RM373,600.00	RM3,362,400

	Seri Kembangan								
Property 4	Premises No. 2-4, Sin Heap Lee Business Centre, Jalan SR 8/3, 43300 Seri Kembangan	4,898	16,651	Sin Heap Lee Properties Sdn. Bhd. [Company No. 198801005393 (172750-U)]	RM5,200,000	(RM 218,000)	RM4,982,000	RM498,200	RM4,483,800
Property 5	Premises No. 6-8, Sin Heap Lee Business Centre, Jalan SR 8/3, 43300 Seri Kembangan	3,853	13,155	Sin Heap Lee Properties Sdn. Bhd. [Company No. 198801005393 (172750-U)]	RM3,700,000	(RM 156,000)	RM3,544,000	RM354,400	RM3,189,600
Property 6	Premises No. 10-12, Sin Heap Lee Business Centre, Jalan SR 8/3, 43300 Seri Kembangan	3,853	13,155	Sin Heap Lee Properties Sdn. Bhd. [Company No. 198801005393 (172750-U)]	RM3,650,000	(RM 153,000)	RM3,497,000	RM349,700	RM3,147,300

APPENDIX B

IFA LETTER

**LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD.
TO THE INDEPENDENT DIRECTORS OF
AMPLEFIELD LIMITED**

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Independent Directors
Amplefield Limited
101A Upper Cross Road
#11-16
People's Park Centre
Singapore 058358

11 August 2020

THE PROPOSED ACQUISITION OF THE PROPERTIES IN MALAYSIA FROM AN INTERESTED PERSON, NAMELY, SIN HEAP LEE PROPERTIES SDN. BHD., AN ASSOCIATE OF DATO' SRI YAP TEIONG CHOON, AND PHAN FOO BEAM, WHO ARE CONTROLLING SHAREHOLDERS OF THE COMPANY, AND YAP WENG YAU, AN EXECUTIVE DIRECTOR OF THE COMPANY (THE "PROPOSED ACQUISITION")

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the Circular (as defined below).

1. INTRODUCTION

On 30 July 2020, Amplefield Limited ("**Amplefield**" or the "**Company**") announced that the Company's wholly owned subsidiary, Amplefield Facilities Sdn. Bhd. ("**Purchaser**" or "**Amplefield Facilities**") had, on the same date, entered into six (6) share and purchase agreements with Sin Heap Lee Properties Sdn. Bhd. (the "**Vendor**") in relation to the proposed acquisition of six (6) units in a commercial leasehold building in Selangor Malaysia, further details of which are set out in Appendix A (the "**Properties**" and "**Property**" shall refer to each of such properties individually).

It is noted from the circular dated 11 August 2020 ("**Circular**") issued by the Company to the registered holders ("**Shareholders**") of the ordinary shares in the capital of the Company ("**Shares**") that the Vendor is an associate of Dato' Sri Yap Teiong Choon ("**Dato' Sri Yap**") and Phan Foo Beam, who are Controlling Shareholders of the Company, and Yap Weng Yau, an Executive Director of the Company, the Proposed Acquisition is an interested person transaction falling under Chapter 9 of the Listing Manual Section B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"): Rules of Catalist ("**Catalist Rules**") and completion of the Proposed Acquisition would be subject, *inter alia*, the approval of the Independent Shareholders of the Company.

In addition, as stated in the Circular, the Group is proposing to acquire the Properties pursuant to the Proposed Acquisition in conjunction with, and following a review of the Group's core business segments and markets resulting, *inter alia*, in a proposal by the Company to expand its Property Development Business and Construction Business (as defined in the Circular) to include the territory of Malaysia ("**Proposed Property Business Expansion**"). For purposes of the Proposed Property Business Expansion, all references to "Malaysia" shall include East Malaysia.

We further note from the Circular that based on the Group's audited consolidated financial statements for the financial year ended 30 September 2019 ("**FY2019**"), the Group's audited net tangible assets ("**NTA**") is approximately S\$64,760,000. The value of the Proposed Acquisition (as defined in the Circular), being the amount at risk to the Company, is approximately RM22.8 million. The aggregate value of the Proposed Acquisition against the Group's audited NTA is 11.4%, which exceeds 5% of the Group's FY2019 audited NTA. Accordingly, the Proposed Acquisition is an interested person transaction ("**Interested Person Transaction**" or "**IPT**") which requires the approval of Shareholders pursuant to Rule 906(1)(a) of the Catalist Rules.

To comply with the requirements of Chapter 9 of the Catalist Rules, Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as an independent financial adviser ("**IFA**") to provide opinion on whether the financial terms of the Proposed Acquisition as an IPT, are on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders of the Company ("**Minority Shareholders**").

This letter (the "**Letter**" or "**IFA Letter**") has been prepared pursuant to Rule 921(4) of the Catalist Rules as well as for the use by the directors of the Company ("**Directors**") who are deemed independent (the "**Independent Directors**"), for the purposes of making a recommendation to Shareholders in respect of the Proposed Acquisition. We note from the Circular that the Independent Directors as at 30 July 2020 (the "**Latest Practicable Date**") comprises all Directors except Yau Weng Yau.

This Letter sets out, *inter alia*, our views and evaluation of the Proposed Acquisition as an IPT which has been proposed as ordinary resolution in the Notice of the Extraordinary General Meeting ("**EGM**") of the Company as set out in the Circular to the Shareholders. Likewise, it contains our recommendations to the Independent Directors in relation to whether the Proposed Acquisition as an IPT is made on normal commercial terms and is not prejudicial to the interests of the Company and the Minority Shareholders. Shareholders should note that the Proposed Acquisition is subject to and conditional upon the Proposed Property Business Expansion being approved at the EGM.

This Letter is prepared for inclusion in the Circular in connection with, *inter alia*, the Proposed Acquisition as an IPT. For the purposes of this Letter, references to independent Shareholders ("**Independent Shareholders**") shall in the context of the Proposed Acquisition, mean Shareholders independent of the Interested Person Group (defined later) and parties acting in concert with them.

Unless otherwise defined or where the context otherwise requires, the definitions used in the Circular shall apply throughout this Letter. Certain figures and computations as enumerated or set out in this letter are based on approximations and its accuracy is subject to rounding.

2. TERMS OF REFERENCE

ACA has been appointed by the Company pursuant to Rule 921(4) of the Catalist Rules as well as to advise the Independent Directors with respect to the Proposed Acquisition, being an IPT under Chapter 9 of the Catalist Rules. We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition as an IPT, nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed Acquisition. We do not, by this Letter or otherwise, advise or form any judgment on the merits of the transactions contemplated in the Circular, including, *inter alia*, the Proposed Acquisition, the Proposed Property Business Expansion, and the Proposed Manufacturing Business Diversification (collectively, the "**Proposed Transactions**") for the Company and its subsidiaries (the "**Group**") or the possibilities or feasibilities of the completion of the Proposed Acquisition or the timing on when the Proposed Acquisition can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether the financial terms of the Proposed Acquisition as an IPT (pursuant to Rule 921(4) of the Catalist Rules) are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

We have confined our evaluation strictly and solely on the financial terms for the Proposed Acquisition as an IPT and have not taken into account the legal or commercial or financial or operational or compliance or political or foreign exchange risks and/or merits (if any) of or the timing for the Proposed Acquisition or the Proposed Transactions contemplated in the Circular including the structuring or conditionality (if applicable) of the Proposed Acquisition as an IPT or the Proposed Transactions or the

validity of any resolution or its feasibility. It is not within our scope to opine on the future financial performance or position of the Company or the Group or the possible change in risk profile and returns subsequent to the Proposed Acquisition or the Proposed Transactions or the possibility or probability that the Group can improve their profitability or that the anticipated benefits from the Proposed Acquisition or the Proposed Transactions can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Acquisition or the Proposed Transactions or the viability, profitability and risks of the Proposed Acquisition or the Proposed Transactions. Such evaluation or comment remains the responsibility of the Directors and management (“**Management**”) of the Company 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 view as set out in this Letter.

In the course of our evaluation, we have held discussions with certain Directors and Management as well as, *inter alia*, regarding their assessment of the rationale for the Proposed Acquisition as an IPT, and have examined publicly available information collated by us including the financial statements (audited or unaudited) as well as information including material information or developments pertaining to the Company or the Group (both written and verbal), provided to us by the Directors and Management and professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the 6 months period ended 31 March 2020 (“**HY2020**”). The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group after completion of the Proposed Acquisition or the Proposed Transactions. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Group. Estimates or analysis or evaluation of the merits of the Company or the Group or the Proposed Acquisition as IPTs, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Independent Directors (as well as Independent Shareholders who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available and other information provided by the Company and the Directors, as well as those disclosed in the Circular, the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial period or financial year end for the Company or the Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Proposed Acquisition as an IPT or the Proposed Transactions and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases

or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided and contained therein. The Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Company or the Group or the Proposed Acquisition or the Proposed Transactions stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed Acquisition or the Proposed Transactions has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, and investment properties) or contracts entered into by the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group save for the valuation report ("**Independent Valuation Report**") and the respective valuation certificate ("**Valuation Certificate**") issued by Cheston International (KL) Sdn. Bhd. ("**Independent Valuer**") dated 23 March 2020 in respect of the market value of the Properties. With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities (including without limitation, property, plant and equipment, and investment properties) including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment. Existing travel restrictions and limitations in view of the COVID-19 pandemic preclude a site visit, and we have relied on the information on the information provided by the Directors and the Management as well as the relevant information on the Properties including photographs in the Independent Valuation Report and the Valuation Certificate.

As at 16 March 2020 (the "**Valuation Date**"), eight (8) out of the total twenty-four units of the Properties were tenanted out. Subsequent to the Valuation Date, a new tenancy agreement was entered into on 14 July 2020 in respect of a unit in block 3-5 of Property 2 for two (2) years period commencing from 1 August 2020. As at Latest Practicable Date, nine (9) out of total twenty-four units of the Properties are currently tenanted with rental terms ranging between one (1) to two (2) years and the expiry dates ranging from December 2020 to July 2022.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group as reflected in the unaudited financial statements for the Group as at 31 March 2020 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for HY2020 for the Group to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia*, the valuation or appraisal of assets and liabilities including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information or our analysis for which it is based on to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter, the unaudited financial statements for the Group for HY2020, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Independent Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter on the Proposed Acquisition as an IPT or the Company or the Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Independent Directors, and as such the Independent Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views on the Proposed Acquisition as an IPT or its recommendation, following the date of the issue of this Letter.

This Letter is addressed to the Independent Directors in connection with and for the sole purposes of their evaluation of the financial terms of the Proposed Acquisition as an IPT. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor Shareholders, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Acquisition as an IPT and/or at the forthcoming EGM. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. THE PROPOSED ACQUISITION

3.1. Principal Terms of the Proposed Acquisition

The principal terms of the Proposed Acquisition can be found in Section 3.1 of the Circular. A summary of the principal terms of the Proposed Acquisition is presented in this Letter. The principal terms of the Proposed Acquisition have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“3. THE PROPOSED ACQUISITION

3.1 Salient Terms of the Proposed Acquisition

3.1.1 Agreement to Sell and Purchase

*Under the terms of the SPAs, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Properties on an “as is where is basis”, free from all encumbrances, with legal possession subject to the Tenancy Agreements, for an aggregate purchase consideration of RM22,800,000 (equivalent to approximately S\$7,392,756) for all of the Properties (“**Consideration**”).*

Details of the Consideration payable for each of the Properties is set out in Column 7 of the table in Appendix A.

The Consideration for the Properties was arrived at after arm’s length negotiations on a willing-buyer willing-seller basis, determined on the basis of, and after taking into account, inter alia, the Independent Valuation of the Properties, as further elaborated in Section 3.2 below.

The Consideration represents an approximate 4% discount to the Independent Valuation of the Properties.

3.1.2 Deposits

In accordance with the terms and conditions of the SPAs, the Purchaser is obliged to pay the Deposits in the following manner:

- (a) Part of the Deposits amounting in aggregate to RM1,596,000 (equivalent to approximately S\$517,493) shall be paid by the Purchaser to the Vendor upon the execution of the SPAs; and
- (b) the remaining amount of the Deposits amounting in aggregate to RM684,000 (equivalent to approximately S\$221,783) shall be paid by the Purchaser to the Malaysian Director General of Inland Revenue within thirty (30) days from the Effective Date on behalf of the Vendor to settle the Vendor's liability in respect of the real property gains tax which is payable by the Vendor under the provisions of the Malaysian Real Property Gains Tax Act in 1976.

The Balance Deposit and/or the Retention Sum may be paid in cash or, as mentioned in Section 3.1.4 below, settled or satisfied via the Set-Off Arrangement.

3.1.3 Balance Consideration

Under the terms of the SPAs, subject to the Amplefield Shareholders' Approval Condition being satisfied, the Balance Consideration shall be paid or caused to be paid by the Purchaser to the Vendor on a date falling within three (3) months from the Effective Date or such other date which the parties may mutually agree ("**Completion Date**").

Upon the satisfaction of the Purchaser's obligation to pay the Balance Consideration, the Purchaser shall be entitled to receive the original title in respect of the Properties, the transfer documents in relation to the Properties executed by the Developer in favour of the Purchaser and all other requisite documents as may be necessary to effect the transfer and registration of each of the Properties in favour of the Purchaser with the relevant authorities (collectively the "**Transfer Documents**").

For the avoidance of doubt, the Completion Date, as aforesaid, is not the same as the Full Payment Date which is applicable under the Pre-Completion Arrangements as further elaborated in Section 3.1.7.1. below.

3.1.4 Settlement of the Consideration

3.1.4.1 **Side Letters**

Under the terms of six (6) side letters entered into between the Purchaser and the Vendor and dated the same date as the date of the SPAs ("**Side Letters**"), the parties have agreed that notwithstanding any provisions to the contrary in the SPAs:

- (a) the Consideration shall only be settled and satisfied in such manner as may be mutually agreed, between the Purchaser and the Vendor, including settlement and satisfaction of all or part of the Consideration ("**Set-Off Amount**") through set-off against the Amounts Owed by the Vendor Related Party to all or any of the Purchaser Related Parties in such manner to be mutually agreed between the Purchaser and the Vendor ("**Set-Off Arrangement**"), and upon such set-off being applied, the Purchaser shall be irrevocably and unconditionally released and discharged of the Purchaser's obligation to pay the Consideration to the extent of the Set-Off Amount; and
- (b) in the event that the Purchaser and the Vendor are unable to agree on the manner for settlement and satisfaction of the Consideration, then the SPAs shall, upon either party giving written notice of termination to the other, terminate and lapse as of the date of such

written notice, and be of no further effect and upon such written notice being given by either party, the Vendor shall forthwith refund or cause to be refunded without interest to be payable to the Purchaser (i) the Balance Deposit and (ii) the Retention Sum and if applicable, (iii) the Balance Consideration, in exchange for the removal by the Purchaser of all encumbrances, if any on the Properties attributable to the Purchaser and thereafter the parties hereto shall be released from all further obligations to each other.

3.1.4.2 Amounts Owing by Vendor Related Party to Purchaser Related Parties

Depending on when the Set-Off Arrangement is to be applied, the Amounts Owing by Vendor Related Party to Purchaser Related Parties and which is due and owing on the relevant date on which the Set-Off Arrangement is to be applied may amount in aggregate up to approximately S\$16,676,296.

Details of the non-trade related amounts owing by Amanland to the Purchaser Related Parties as at 30 September 2019 are set out below:

	Amounts owing	Repayment dates
Amounts owing by Amanland to Purchaser Related Parties as at 30 September 2019 ¹	S\$16,676,296 ²	50% to be due and payable on 30 September 2020 and the remaining 50% to be due and payable on 31 March 2021

Notes:

- (1) Such amounts are unsecured and non-interest bearing.
- (2) Such amount comprise the following
 - (a) the amount of S\$9,498,000 owing by Amanland to CBS as a result of Amanland's assumption of the liability of SVC and CBS assuming the rights of CBVN in respect of a security deposit for performance of US\$10,000,000 originally paid by CBVN to SVC in connection with a joint development agreement for the development of certain properties in Vietnam which was subsequently terminated on 28 August 2019, following which the security deposit was assigned and earmarked for future contracts to be awarded by SVC, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019;
 - (b) the net resulting amount of S\$5,498,585 owing by Amanland to CBS as a result of Amanland's assumption of the liability of certain debts from Regional Connexion Limited in prior years, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019; and
 - (c) the amount of S\$1,679,711 owing by Amanland to CBVN as a result of Amanland's assumption of the liability of two individuals to CBVN in respect of fees paid to them.

3.1.4.3 Set-Off Arrangement

Whether the parties may be able to apply the Set-Off Arrangement to set off all or part of the Consideration due against the Amounts Owing by Vendor Related Party to Purchaser Related Parties would depend, inter alia, on when the Consideration is due to be paid (whether on Completion or on the Full Payment Date) and at the time when such Consideration is due to be paid, whether all or any of the Amounts Owing by the Vendor Related Party to Purchaser Related Parties have come due for repayment or payment as agreed by the relevant parties.

For illustrative purposes only, assuming the Consideration for the Proposed Acquisition of RM22,800,000 which is equivalent to approximately S\$7,392,756 is due to be paid on 30 September 2020, it could be entirely or partially set off against the amount owing by Amanland of S\$8,338,148 has fallen due for repayment on such date.

The Purchaser shall discuss and agree with the Vendor in due course whether and how to apply all or part of the Amounts Owing by Vendor Related Party to Purchaser Related Parties in settlement and satisfaction of all or any of the Deposits and/or the Balance Consideration (as the case may be) depending, inter alia, on the expected Full Payment Dates and Completion Dates under the SPAs.

3.1.4.4 **Unwinding of the Set-Off Arrangement**

Under the terms of the Side Letters, the Purchaser and the Vendor have agreed that in the event the Vendor is due or obliged to refund or return the Consideration (or any part thereof) to the Purchaser due to the termination or lapsing of the SPAs pursuant to any of the Termination Events or the termination, lapse, annulment, voiding, frustration or rescission of the SPAs for any other reason whatsoever, the Set-Off Arrangement shall be null and void, and the Purchaser, the Vendor, the Vendor Related Party and the Purchaser Related Parties shall execute all such agreements or documents and otherwise take all such steps or actions as may be necessary or required by the Purchaser to unwind the Set-Off Arrangement.

3.1.5 Conditions

Completion of the sale and purchase of the Properties is subject to certain conditions in accordance with the terms of the SPAs, including, inter alia, the following:

- (a) the Company convening the EGM and obtaining the approval of the Independent Shareholders at such meeting to approve the acquisition of the Properties by the Purchaser ("**Amplefield Shareholders Approval Condition**");
- (b) the written approval and consent of the State Authority for the acquisition of the Property by the Purchaser pursuant to Section 433B National Land Code ("**Section 433B State Consent**"); and
- (c) the written approval and consent of the relevant State Authority to the transfer of the Properties by the Vendor in favour of the Purchaser in view of certain restrictions applicable to the Properties ("**Approval to the Transfer**").

The Section 433B State Consent and the Approval to the Transfer shall be collectively referred to as the "**Government Approvals**", and the date of receipt of the Government Approvals shall be referred to as the "**Effective Date**".

The Purchaser is responsible for applying for and obtaining the Amplefield Shareholders Approval Condition within three (3) months from the date of the SPAs, and the Section 433B State Consent within four (4) months from the date of the SPAs while the Vendor is responsible for applying for and obtaining the Approval to the Transfer within four (4) months from the receipt of the Section 433B State Consent (each a "**Cut-Off Date**").

3.1.6 Completion

Under the terms of the SPAs, it is contemplated that completion of the Proposed Acquisition ("**Completion**") shall take place only when the Balance Consideration shall be paid or caused to be paid by the Purchaser to the Vendor in accordance with the terms of the SPAs and all relevant documents necessary for effecting registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances shall be duly registered.

Notwithstanding the foregoing, it is contemplated under the terms of the SPAs that the full payment of the Balance Consideration may, subject to the mutual agreement of the parties, be paid or caused to be paid by the Purchaser to the Vendor earlier than Completion in accordance with the terms of the SPAs in connection with the Pre-Completion Arrangements.

3.1.7 Pre-Completion Arrangements

3.1.7.1 **Pre-Completion Arrangements**

*Under the terms of the SPAs, the Parties have provided for the possibility of undertaking pre-completion arrangement (“**Pre-Completion Arrangements**”) whereby subject to the receipt or deemed receipt by the Vendor of the Balance Consideration and interest for late payment, if any, payable by the Purchaser in accordance with the terms of the SPAs, the Purchaser shall take legal possession or vacant possession (as the case may be) of the Properties as well as be entitled to an apportionment of the rent payable under the Tenancy Agreement, inter alia, in the manner as follows:*

- (a) the legal possession of the Tenanted Properties, subject to tenancy, shall be deemed to be delivered by the Vendor to the Purchaser on the day immediately after the Full Payment Date;*
- (b) all rights, interests and benefits of the Vendor under the Tenancy Agreements shall be deemed to have been assigned, transferred to and vested in the Purchaser pursuant to the terms of the Novation Deeds on the day immediately after the Full Payment Date;*
- (c) all rent in respect of the Tenanted Properties for the period up to and including the Full Payment Date shall belong to the Vendor and all rent in respect of the Tenanted Properties for the period after the Full Payment Date shall belong to the Purchaser; and*
- (d) the Vendor shall deliver vacant possession of the Properties which are not Tenanted Properties or Tenanted Properties whose Tenancy Agreements have been terminated or have lapsed within five (5) working days from the Full Payment Date.*

The Properties shall remain at the sole risk of the Vendor as regards to all loss or damage including by fire, lightning, storm until the date of delivery of the legal possession or vacant possession of the Properties (as the case may be) by the Vendor to the Purchaser.

3.1.7.2 **Rationale for the Pre-Completion Arrangements**

Registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances can be effected only upon the receipt of the Government Approvals, and due, inter alia, to the delays in access to the relevant authorities expected pursuant to the restrictions on movement orders imposed by the Malaysian government in view of the COVID-19 outbreak, it is currently contemplated that it may take up to eight (8) months from the date of the SPAs to obtain such Government Approvals.

In view of the foregoing, the Parties have provided for the Pre-Completion Arrangements which, under the terms of the SPAs, can be utilized upon the receipt or deemed receipt by the Vendor, inter alia, of the Balance Consideration.

Assuming the Proposed Acquisition is approved by the independent shareholders, the Company will, if necessary, decide whether to have the Purchaser undertake the Pre-Completion Arrangements depending, inter alia, on the expected Effective Date and date of Completion under the SPAs, and will update Shareholders should there be any decision or other material developments in this respect.

Should the Pre-Completion Arrangements be undertaken, the Purchaser would be effecting payment of the Balance Consideration to the Vendor even though the registration of the Properties in the Purchaser’s favour is pending, in exchange for which the Purchaser will be able to get the benefit of, and account for the rental income from the Tenanted Properties as part of its revenue for the period after the Full Payment Date.

The Board is of the reasonable opinion that while the Pre-Completion Arrangements may pose certain risks to the Purchaser, including the risk of the Purchaser not being able to obtain

registration of the title of the Properties in its name due, inter alia, to the Government Approvals not being obtained and having to recover the Balance Consideration from the Vendor in such event, such risks are mitigated, inter alia, through the termination and unwinding provisions provided for in the SPAs as further elaborated in Section 3.1.8 below, and the provisions for unwinding of the Set-Off Arrangement as further elaborated in Section 3.1.4.4 above, in the event all or any part of the Consideration were to be settled and satisfied through the Set-Off Arrangement.

3.1.8 Termination or Lapsing of SPAs

3.1.8.1 **Termination Events**

Under the terms of the SPAs, the SPAs are subject to termination or shall lapse upon the occurrence of certain events, including the following events ("**Termination Events**"):

- (a) the Amplefield Shareholders Approval Condition and/or the Government Approvals are not obtained by their respective Cut-off Dates or such later date as may be agreed in writing between the parties, or any of the Government Approvals obtained are subject to such condition(s) imposed which may not be acceptable to the party or parties affected by such condition(s);
- (b) all or any of the relevant documents necessary for effecting registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances cannot be registered for any reason whatsoever and without any default, willful neglect, omission or blameworthy conduct on the part of any of the parties to the SPAs;
- (c) any material breach by the Purchaser of any of the provisions of the SPAs which is not capable of being remedied within fourteen (14) days from the receipt of written notice of such breach;
- (d) the Purchaser failing to pay the Balance Consideration in accordance with the terms of the SPAs for any reason other than that attributed to the Vendor or by any event of force majeure;
- (e) any material breach by the Vendor of any of the provisions of the SPAs which is not capable of being remedied within fourteen (14) days from the receipt of written notice of such breach; and
- (f) the Vendor refusing or failing to transfer the Properties to the Purchaser free from all encumbrances with legal possession or vacant possession (as the case may be) in accordance with the terms of the SPAs.

3.1.8.2 **Consequences of Termination**

Upon termination or lapsing of the SPAs (as the case may be), the parties have agreed to carry out or undertake, inter alia, the following to unwind the relevant prior actions taken under the SPAs, where applicable:

- (a) the Vendor shall forthwith refund (without interest) all monies (including the Deposits and, if applicable, the Balance Consideration) paid or caused to be paid by the Purchaser towards the Consideration;
- (b) the Purchaser shall re-deliver legal possession or vacant possession (as the case may be) of the Properties to the Vendor (if it has already been delivered to the Purchaser) in substantially the same state and condition in which it was previously delivered by the Vendor (fair wear and tear excepted) at the Vendor's own cost and expense;
- (c) the Purchaser shall return to the Vendor all the Transfer Documents with the Vendor's interest in the Properties intact;

- (d) *the Purchaser shall refund to the Vendor the actual rental income (“Return Rental Proceeds”) received in respect of the Tenanted Properties under the Tenancy Agreements which the Purchaser had collected and received after the Full Payment Date (for the avoidance of doubt, the Purchaser shall not be liable to the Vendor for any rental income due but not collected or received by the Purchaser);*
- (e) *the Vendor shall be liable to pay the Purchaser liquidated damages of an amount equal to 10% of the Consideration should the termination of the SPAs arise from a default by the Vendor as contemplated under Section 3.1.8.1 (e) or (f); and*
- (f) *apart from the obligation to return the Return Rental Proceeds and a liability to pay liquidated damages of an amount equal to 10% of the Consideration should the termination of the SPAs arise from a default by the Purchaser as contemplated under Section 3.1.8.1 (c) or (d), the Purchaser shall not be liable to pay any rental or compensation for the period the Purchaser is deemed to have legal possession or vacant possession of the Properties.”*

3.2. Proposed Acquisition as an IPT

It is noted from the Circular that the Vendor is an associate of Dato’ Sri Yap and Phan Foo Beam, who are Controlling Shareholders of the Company, and Yap Weng Yau, an Executive Director of the Company, and is therefore an "interested person" under Chapter 9 of the Catalist Rules of the SGX-ST, and therefore the Proposed Acquisition constitutes an “interested person transaction” for the purposes of Chapter 9 of the Catalist Rules.

Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 September 2019, the audited consolidated NTA of the Group was approximately S\$64,760,000. For the purposes of Chapter 9 of the Catalist Rules, the value of the Proposed Acquisition based is approximately 11.4% of the latest audited consolidated NTA of the Group. As such, the Proposed Acquisition is an interested person transaction which is subject to the approval of the Company's shareholders at an extraordinary general meeting to be convened pursuant to Rule 906(1)(a) of the Catalist Rules. Pursuant to Rule 919 of the Catalist Rules, Dato’ Sri Yap, Phan Foo Beam, Yap Weng Yau, Olander Ltd and their respective associates (the “**Interested Person Group**”) and parties not independent of them will abstain from voting on the resolution approving the Proposed Acquisition, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM.

As at the Latest Practicable Date, the Group has not entered into any transactions with the Interested Person Group in the current financial year ending 30 September 2020 save for an interest bearing loan of USD500,000 extended by Olander Ltd to the Company.

4. INFORMATION ON THE VENDOR

Information on the Vendor can be found in Section 3.4 of the Circular.

5. EVALUATION OF THE PROPOSED ACQUISITION AS AN IPT

5.1. Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition can be found in Section 3.5 of the Circular and have been extracted and set out in italics below. Shareholders are advised to read Section 3.5 of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“3.5. Rationale for the Proposed Acquisition

The Proposed Acquisition presents an attractive opportunity for the Group to acquire an investment property in a good location and with immediate rental returns or yield, at a price which is below prevailing market valuation and is in line with the strategic direction of the Group to adopt and implement the Proposed Property Business Expansion.

The Board is of the view that the Proposed Acquisition would enable the Company to enhance shareholders' returns by diversifying income streams to include rental income which is relatively stable and earnings accretive, and with the potential for capital appreciation, and accordingly is in the interest of the Company. The Group's revenue has been on a downward trend having declined from approximately S\$4,100,000 in the six month period ended 31 March 2019 to approximately S\$1,100,000 in the six month period ended 31 March 2020 and from approximately S\$11,100,000 in FY2018 to approximately S\$7,100,000 in FY2019

Moreover, in the event the Consideration were to be settled (whether in whole or in part) through the use of the Amounts Owing by Vendor Related Party to Purchaser Related Parties which may be due or owing by the Vendor Related Party to the Purchaser Related Parties to set-off against such Consideration under the Set-Off Arrangement, the actual cash outlay which the Purchaser would need to expend to pay for the Consideration due to the Vendor will be reduced accordingly, which would be beneficial to and in the interest of the Purchaser and the Group. Furthermore, the Group will be holding the Properties which may generate rental income as compared to holding non-interest bearing receivables.

As the Proposed Acquisition is being contemplated by the Company in conjunction with the Proposed Property Business Expansion, the Proposed Acquisition will be subject to, and conditional upon, inter alia, the approval of the Proposed Property Business Expansion by shareholders of the Company to be obtained at the EGM.”

5.2. The Properties

5.2.1. Description of the Properties

As stated in the Circular, the Properties comprise six (6) units in a commercial leasehold building by the name of Sin Heap Lee Business Centre and located at Jalan SR 8/1, 43300 Seri Kembangan, Selangor, Malaysia as set out in Appendix A of the Circular, a further description of which is set out below:

	Block No ⁽¹⁾	Floor or Unit No.	Gross Floor Area/ Sq. Ft.	Net Lettable Area/ Sq. Ft.
Property 1	1	G	3,197	2,024
		1		2,702
		2		2,702
		3		2,702
Property 2	3-5	G ⁽²⁾	3,853	3,111
		1		3,348
		2 ⁽²⁾		3,348
		3		3,348
Property 3	7-9	G ⁽²⁾	3,853	3,111
		1 ⁽²⁾		3,348
		2		3,348
		3		3,348
Property 4	2-4	G ⁽²⁾	4,898	3,574
		1		4,359
		2		4,359
		3		4,359
Property 5	6-8	G ⁽²⁾	3,853	3,111
		1 ⁽²⁾		3,348
		2		3,348
		3		3,348
Property 6	10-12	G ⁽²⁾	3,853	3,111
		1 ⁽²⁾		3,348
		2		3,348
		3		3,348
		Totals	23,507	79,401

Note:

- (1) The Properties comprise six (6) blocks of four storey terraced shop/offices comprising two (2) corner blocks and four (4) intermediate blocks located within Sin Heap Lee Business Centre situated at Jalan SR 8/1, 43300 Seri Kembangan, Selangor, Malaysia, with an aggregate land size of 23,507 Sq. Ft., and net lettable area of 79,401 Sq. Ft.
- (2) The Tenanted Properties as at the Latest Practicable Date.

The Properties are held under a 99-years leasehold title expiring on 23 September 2090.

The Vendor had acquired the Properties under a developer sale from Glen Waverley Sdn. Bhd. (the “**Developer**”), and under the terms of the SPAs, the Vendor has agreed and undertaken to provide or procure the Developer to provide the relevant Transfer Documents in order to enable the Purchaser to effect registration of the transfer the Properties in favour of the Purchaser on Completion of the Proposed Acquisition.

We note from the Circular that save as disclosed below, to the knowledge of the Company, the Developer is not related to any Director, CEO or controlling shareholder of the Company.

As at the Latest Practicable Date, the Developer is 50% owned by Dato’ Sri Yap and 50% owned by the brother of Dato Sri’ Yap. As the Developer is an associate (as defined under Chapter 9 of the Catalyst Rules) of a controlling shareholder, the proposed entry of the Novation Deeds, *inter alia*, between the Developer and the Purchaser will be considered as interested person transactions pursuant to Chapter 9 of the Catalyst Rules. However, as it is the Vendor’s obligation, pursuant to the terms of the SPAs, to procure the Developer to enter into the Novation Deeds with the Purchaser, *inter alia*, for purposes of assigning or transferring the benefit of the Tenancy Agreements to the Purchaser in accordance with the terms of the SPAs, and the Purchaser will not be giving any consideration to the Developer to enter into the Novation Deeds, the amount at risk to the Purchaser in respect of such transactions will be nil.

Location

We note from the Valuation Certificate that the Properties are located within Sin Heap Lee Business Centre which is located within the commercial centre of Taman Serdang Raya (formerly known as Taman Putra Indah) sited off the western (right) side of Kuala Lumpur – Seremban Highway, travelling from Kuala Lumpur city centre towards Serdang. It is located about 16 kilometres (9.94 miles) to the south-west of Kuala Lumpur city centre. Seri Kembangan and Sungai Besi Towns are located about 3.1 kilometres (1.93 miles) and 3.5 kilometres (2.17 miles) to the south-west and north-east of the Properties, respectively.

The Government's Administrative Centre of Putrajaya and the City for Information Technology, Cyberjaya are located about 20 kilometres (12.4 miles) and 19 kilometres (11.8 miles) to the south-west of the Properties, respectively. Kuala Lumpur International Airport (KLIA) and KLIA 2 are located about 48 kilometres (29.8 miles) to the south of the Properties.

The under construction MRT Line 2 will have nearest proposed station at Serdang Raya North and Serdang Raya South along Jalan Utama which is located about 600 metres and 2.2 kilometres (1.37 miles) to the south-east of the Properties, respectively.

The Properties front onto Jalan SR 8/1 (which runs parallel with Jalan Serdang Raya) and Jalan SR 8/3 and are easily accessible from Kuala Lumpur – Seremban Highway via Bukit Jalil Highway and Jalan Serdang Raya. Alternatively, the Properties can be accessible from Sungai Besi Expressway via Jalan Besar, Jalan Utama and Jalan Serdang Raya. All are being well maintained metalled roads.

For further details and description of the Properties, the Independent Shareholders are advised to refer to the Valuation Certificate.

5.2.2. Tenanted Properties

As represented and confirmed by the Directors and the Management, as at the Latest Practicable Date, nine (9) out of total twenty four (24) units of the Properties are currently tenanted ("**Tenanted Properties**") with rental terms ranging between one (1) to two (2) years and the expiry dates ranging from December 2020 to July 2022. This implies an occupancy rate of 37.5% for the Properties as at the Latest Practicable Date.

We note from the Directors and the Management that most of the existing tenants have occupied the Tenanted Properties for more than 5 years.

As stated in the Circular, under the terms of the SPAs, the Tenanted Properties are being sold subject to the relevant Tenancy Agreements applicable to such Tenanted Properties, which have been entered into between the Developer and the Tenants under such Tenancy Agreements.

As at the Latest Practicable Date, the aggregate rental income derived from the Tenanted Properties is approximately RM52,045 per month or approximately RM624,540 per annum.

Under the terms of the SPAs, the Vendor has warranted and represented that, notwithstanding that the Developer, and not the Vendor, is the party to the Tenancy Agreements, the Vendor has full rights, benefits and interests in the Tenancy Agreements and is entitled and empowered to procure the Developer to perform or fulfil the obligations to novate or assign the rights and benefits of the Tenancy Agreements in favour of the Purchaser with effect from the Full Payment Date.

The Vendor has agreed to cause the Developer to execute, and use its best endeavours to cause the Tenants to execute the Novation Deeds in respect of the relevant Tenancy Agreements, or in the event if, notwithstanding the Vendor's best endeavours, any of the Tenants shall refuse to execute the Novation Deed in respect of the relevant Tenancy Agreement, the Vendor shall cause the Developer to execute a deed of assignment whereby the Developer shall assign to the Purchaser all the Developer's rights, title, benefit and interest under the relevant Tenancy Agreement.

The Tenant of one of the Tenanted Properties, namely Unit 3-5-2 of Property 2 is Sin Heap Lee Development Sdn Bhd. Sin Heap Lee Development Sdn Bhd is a wholly owned subsidiary of SHL

Consolidated. We note from the Circular and as confirmed by the Directors that the rental rate paid by Sin Heap Lee Development Sdn Bhd is in accordance with market rates.

As Dato' Sri Yap holds an aggregate of 26.83% of the issued share capital of SHL Consolidated as at the Latest Practicable Date, Sin Heap Lee Development Sdn Bhd is not an associate (as defined under Chapter 9 of the Catalist Rules) of Dato' Sri Yap and accordingly the Tenancy Agreement in relation to Unit 3-5-2 of Property 2 is not an interested person transaction.

Save as disclosed above, to the knowledge of the Company, none of the Tenants of the Tenanted Properties are related to any Director, CEO or controlling shareholder of the Company.

5.2.3. Rental income versus expenses

As at the Latest Practicable Date, the aggregate rental income derived from the Tenanted Properties is approximately RM52,045 per month or approximately RM624,540 per annum. As stated in Section 2.2.2 of the Valuation Certificate, the estimated annual expenses or outgoings of the Properties (including the Tenanted Properties) is approximately RM188,267.

Independent Shareholders should note that based on the current tenancy status, the rental income generated from the Tenanted Properties exceeds the estimated annual outgoings (as confirmed by Management and Directors) for the Properties by RM436,273 (per annum basis).

The Management represented that based on the current tenancy and occupancy rate of 37.5%, the gross and the estimated net yield for the Properties are approximately 2.7% per annum and 1.9% per annum respectively. We note from the Circular that while not all the Properties are tenanted out as at the Latest Practicable Date, the Company understands that comparable units in the surrounding area are generally well-occupied but the Vendor has represented that it has not been actively marketing such units, *inter alia*, as it was previously exploring other options for such units, including occupation for own use. The Directors and the Management are confident that, *inter alia*, with more active marketing and barring unforeseen circumstances, there are reasonable prospects for procuring additional tenancy(ies) for the Properties which are currently vacant in the mid to long term, and thereby increasing the occupancy rate as well as the yield of the Properties.

The Directors are accordingly of the view that the Proposed Acquisition will contribute to the Group's earnings as the Properties are already generating profit based on the current tenancy status with potential for increased yield, and will provide a hedge against inflation as well as potential capital gains. Pursuant to the Proposed Acquisition and Set-Off Arrangement, the Company will be holding the Properties which generate rental income as compared to holding non-interest bearing receivables, which have been outstanding. These receivables comprises, *inter alia*, (a) an amount of S\$9,498,000 owing by Amanland to CBS as a result of Amanland's assumption of the liability of SVC and CBS assuming the rights of CBVN in respect of a security deposit for performance of US\$10,000,000 originally paid by CBVN to SVC in connection with a joint development agreement for the development of certain properties in Vietnam which was subsequently terminated on 28 August 2019, following which the security deposit was assigned and earmarked for future contracts to be awarded by SVC, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019; (b) the net resulting amount of S\$5,498,585 owing by Amanland to CBS as a result of Amanland's assumption of the liability of certain debts from Regional Connexion Limited in prior years, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019; and (c) the amount of S\$1,679,711 owing by Amanland to CBVN as a result of Amanland's assumption of the liability of two individuals to CBVN in respect of fees paid to them. We note from the Circular that as currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement, *inter alia*, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million.

As mentioned in Section 3.1 of the Circular, as part of the Set-Off Arrangement, the Consideration may be settled and satisfied (partially or entirely) through set-off against the Amounts Owing by the Vendor Related Party to the Purchaser Related Parties.

Based on past record, the Directors have confirmed tenancy payments have been prompt and quality of the existing tenants is generally acceptable.

The Directors and the Management have represented and confirmed that their intention is to keep the Properties as investment properties and earn rental income from it and they will be actively searching for tenants for the untenanted units.

Independent Shareholders should note that (a) there is no assurance and no certainty that the Tenanted Properties will continue to be able to generate similar rental income after expiry of the respective tenancy agreement or whether the tenancy agreements will be renewed upon expiry or the occupancy rate of the Properties will remain stable or improve going forward; and (b) the annual expenses or outgoings for the Properties are based on estimates as set out in the Valuation Certificate. As such, the above evaluation and assessment is necessarily limited and serves as illustrative purpose only.

5.3. Market Value of the Properties

It is noted from Section 3.2 of the Circular that the Company had commissioned the Independent Valuer to, *inter alia*, determine the market value of the Properties. We recommend that the Independent Directors advise Independent Shareholders to note and review carefully Section 3 of the Circular and the contents of the Valuation Certificate (attached as Appendix C of the Circular) and the Independent Valuation Report (available for inspection at the registered office of the Company at 101A Upper Cross Street, #11-16, People's Park Centre, Singapore 058358 during normal business hours from the date of the Circular for a period of three (3) months) in its entirety including, *inter alia*, the methodology, assumptions made and the basis for the assumptions.

We have not made any independent evaluation or appraisal of the Properties and we have been furnished by the Company with the Independent Valuation Report and the Valuation Certificate in respect of the market value of, *inter alia*, the Properties. With respect to such valuation, we are not experts in the evaluation or appraisal of the Properties and have relied on the Independent Valuation Report and Valuation Certificate for the market value of the Properties.

In deriving the market value of the Properties, the Independent Valuer has considered two (2) approaches; the comparison method ("**Comparison Method**") and the investment method ("**Investment Method**").

Comparison Method

We note from the Valuation Certificate that the Comparison Method is premised on the principle that comparison is made of the Properties under valuation with sales of other similar properties and where dissimilarities exists, adjustments are made. The Independent Valuer have surveyed property sales that have occurred in this or similar areas within the recent past. The sale evidences of similar type of properties, which are available from the Valuation and Property Services Department, Ministry of Finance, in the locality of the Properties and adjustments have been made for differences in, *inter alia*, sale condition, market condition (time), location and accessibility, building and property type, size, and tenure of the comparables. Based on the Valuation Certificate, the sales evidences range between RM348.98 per square foot ("**Sq. Ft.**") to RM381.86 per Sq. Ft. over their net lettable area ("**NLA**").

To derive the adjusted average Sq. Ft. value adopted for each Property, the per Sq. Ft. value for each comparable is adjusted against the variables above. Following which, an average value for the adjusted value per Sq. Ft. is derived. In deriving the market value for each Property, the adjusted average value per Sq. Ft. is then multiplied against the NLA for each Property before deducting the cost of lift repair and upgrading.

The following table shows the adjusted average value per Sq. Ft. and the market value for each Property based on the Comparison Method.

Block Nos.	Type	Net lettable area (Sq. Ft.)	Adjusted average value per Sq. Ft. adopted ⁽¹⁾ (RM)	Market Value (RM)
1	Corner	10,130	351.60	3,450,000
3-5	Intermediate	13,155	304.38	3,900,000
7-9	Intermediate	13,155	304.38	3,900,000
2-4	Corner	16,651	320.17	5,200,000
6-8	Intermediate	13,155	286.34	3,700,000
10-12	Intermediate	13,155	286.34	3,650,000
			Total	23,800,000

Note:

- (1) As stated in the Valuation Certificate, the adjusted average value per Sq. Ft. include adjustments of all the sale comparables and less cost of lift repairing and upgrading as fair representation.

Investment Method

The Investment Method is premised on the principle that the value of an income-producing property is represented by the present worth of future rights to income, or utility. The market value estimate derived after ascertaining the market rent of the property and deduction of all reasonable annual operating expenses will then be capitalised by an appropriate rate to obtain the present value of the income stream.

In deriving the market value for each of the Property from the Investment Method, the following assumptions have been made by the Independent Valuer:

- (i) Market rental of the Properties. As at the Valuation Date, only eight (8) out of the twenty-four (24) units are tenanted and due to the dearth of rental evidences as well as the confidentiality of these information, the Independent Valuer have compiled asking rentals/passing rentals of similar type of properties based on site survey done with the tenants in the immediate vicinity and have made adjustments prior to arriving at fair market rental of the Properties;
- (ii) Annual expenses such as quit rent, property assessment costs, insurance costs, repairs and maintenance and management costs. Quit rent, property assessment costs and insurance costs are based on actual costs of the Properties, while repairs and maintenance and management and administration costs are estimated costs (please refer to Section 2.2.2 of the Valuation Certificate for further details).
- (iii) Gross annual revenues are based on a 95% occupancy rate which is a fair estimation as per practise in the industry and a vacancy allowance of 5%; and
- (iv) The Independent Valuer have adopted a market corroborated capitalisation rate of 5% to arrive at the market value of the Properties. The market based rate is the most frequently adopted methodology by the property industry in Malaysia as information pertaining to sales are easily available. We note that from the Valuation Certificate, the Independent Valuer have commented that the yield of transaction of similar type of shop/office/houses in the similar locality of the Properties range from 4.5% to 5.5%. The capitalisation rate of 5.0% was adopted after considering relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trends and annual outgoings of similar type of properties. The yields adopted are market based and after taking into consideration the characteristics of the Properties.

The following table shows the market value based on the Investment Method for each Property.

Block Nos.	Market Value (RM)
1	3,400,000
3-5	3,900,000
7-9	3,900,000
2-4	5,100,000
6-8	3,500,000
10-12	3,500,000
Total	23,300,000

Independent Shareholders should note that there is no assurance and no certainty that (a) the Tenanted Properties will continue to be able to generate similar rental income after expiry of the respective tenancy agreement or whether the tenancy agreements will be renewed upon expiry; (b) the occupancy rate of the Properties will remain stable or improve going forward; and (c) the Properties will be able to fetch the estimated rental rate as stated in the Valuation Certificate. As such, the above evaluation of the market value of the Properties is necessarily limited and serves as illustrative purpose only.

According to the Valuation Certificate, the market value derived from the Comparison Method and the Investment Method is RM23.8 million and RM23.3 million respectively. We note that both market values derived have been rounded off and the difference is immaterial. As stated in the Valuation Certificate, the Independent Valuer have adopted the Comparison Method value of RM23.8 million as the accurate market value of the Properties. The Independent Valuer is of the view that that the appropriate approach to arrive at the market value of the Properties is by using the Comparison Method as this method is widely adopted in the industry for valuation of homogeneous properties like the Properties which has minimal dissimilarities and require less complicated adjustments.

We also note from the Valuation Certificate that the Independent Valuer have adopted the Investment Method to check the reasonability of the market value derived from the Comparison Method. The Independent Valuer has highlighted that the market value derived from the Investment Method is based on the passing rentals of the Tenanted Properties and asking rentals of similar types of properties in the vicinity and neighbourhood. As the actual rental evidences of similar type of properties are limited and treated as confidential information and are also subject to various covenants and responsibilities of landlords and tenants, there is an absence of sufficient and accurate rental evidences. As such, the Investment Method may not provide accurate market values of the Properties.

The market approach (Comparison Method) is based on the prices which are concluded in the open market between willing buyers and willing sellers through a price mechanism. The market approach also takes into consideration other relevant factors which have impact on the prices comprising the purchaser's capacity, knowledge and understanding of the relative utilities of the properties. Hence, the Independent Valuer has considered the total market value derived from the Comparison Method of RM23.8 million as fair and accurate representation of the market value of the Properties supported by the Investment Method.

As stated in the Valuation Certificate, the Independent Valuer is of the opinion that market value of the Properties subject to the existing tenancies in respect of the tenanted units and with vacant possession in respect of the vacant units and subject to the titles being free of all encumbrances, good, marketable and registrable is RM23.8 million as at 16 March 2020, being the Valuation Date.

The Directors confirmed that they have reviewed the Independent Valuation Report and the Valuation Certificate (*inter alia*, the assumptions, methodology used and information relied upon by the Independent Valuer) as a whole and are of the opinion that the assumptions (including, *inter alia*, occupancy rate of 95%) and methodology of the Valuation Certificate are reasonable.

The Directors have noted that as at the Valuation Date, eight (8) out of the total twenty-four units of the Properties were tenanted out and subsequent to the Valuation Date, a new tenancy agreement was entered into on 14 July 2020 in respect of a unit in block 3-5 of Property 2 for two (2) years period commencing from 1 August 2020. As at Latest Practicable Date, nine (9) out of total twenty-four units of the Properties are currently tenanted with rental terms ranging between one (1) to two (2) years and the expiry dates ranging from December 2020 to July 2022. We note from the Circular that although,

the tenancy for such unit in block 3-5 of Property 2 was obtained subsequent to the date of the Independent Valuation Report and the Valuation Certificate, the Company understands that the rental obtained for such unit is in line and in accordance with the market rates used by the Independent Valuer in connection with the Independent Valuation and accordingly, should not have a material adverse impact on the valuation of the Properties as contemplated under the Independent Valuation. The Directors confirmed that notwithstanding the new tenancy agreement for the unit in block 3-5 of Property 2, there will be no material variation in the aggregate market value of the Properties in view that the rental for the said unit in block 3-5 of Property 2 is in line and in accordance with the market rates used by the Independent Valuer.

Independent Shareholders should note that the Consideration for the Properties is lower than and represents a discount of approximately 4% from the market value of the Properties ascribed by the Independent Valuer (wherein we note that the Independent Valuer have adopted the Comparison Method value of RM23.8 million as the market value of the Properties). As an illustration in the event the Investment Method is used (which is not prescribed by the Independent Valuer), the Consideration for the Properties will represent a discount of approximately 2% from market value of the Properties based on the Investment Method.

5.4. Other Considerations

5.4.1. Rationale for Pre-Completion Arrangements

We note from the Circular that under the terms of the SPAs, it is contemplated that the Completion of the Proposed Acquisition shall take place only when the Balance Consideration shall be paid or caused to be paid by the Purchaser to the Vendor in accordance with the terms of the SPAs and all relevant documents necessary for effecting registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances shall be duly registered.

Notwithstanding the foregoing, we note from the Circular that it is contemplated under the terms of the SPAs that the full payment of the Balance Consideration may, subject to the mutual agreement of the parties, be paid or caused to be paid by the Purchaser to the Vendor earlier than Completion, in accordance with the terms of the SPAs in connection with the Pre-Completion Arrangements.

Pre-Completion Arrangements

Under the terms of the SPAs, the Parties have provided for the possibility of undertaking Pre-Completion Arrangements whereby subject to the receipt or deemed receipt by the Vendor of the Balance Consideration and interest for late payment, if any, payable by the Purchaser in accordance with the terms of the SPAs, the Purchaser shall take legal possession or vacant possession (as the case may be) of the Properties as well as be entitled to an apportionment of the rent payable under the Tenancy Agreement, *inter alia*, in the manner as follows:

- (a) the legal possession of the Tenanted Properties, subject to tenancy, shall be deemed to be delivered by the Vendor to the Purchaser on the day immediately after the Full Payment Date;
- (b) all rights, interests and benefits of the Vendor under the Tenancy Agreements shall be deemed to have been assigned, transferred to and vested in the Purchaser pursuant to the terms of the Novation Deeds on the day immediately after the Full Payment Date;
- (c) all rent in respect of the Tenanted Properties for the period up to and including the Full Payment Date shall belong to the Vendor and all rent in respect of the Tenanted Properties for the period after the Full Payment Date shall belong to the Purchaser; and
- (d) the Vendor shall deliver vacant possession of the Properties which are not Tenanted Properties or Tenanted Properties whose Tenancy Agreements have been terminated or have lapsed within five (5) working days from the Full Payment Date.

The Properties shall remain at the sole risk of the Vendor as regards to all loss or damage including by fire, lightning, storm until the date of delivery of the legal possession or vacant possession of the Properties (as the case may be) by the Vendor to the Purchaser.

Rationale for Pre-Completion Arrangements

Registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances can be effected only upon the receipt of the Government Approvals, and due, *inter alia*, to the delays in access to the relevant authorities expected pursuant to the restrictions on movement orders imposed by the Malaysian government in view of the COVID-19 outbreak, it is currently contemplated that it may take up to eight (8) months from the date of the SPAs to obtain such Government Approvals.

In view of the foregoing, the Parties have provided for the Pre-Completion Arrangements which, under the terms of the SPAs, can be utilized upon the receipt or deemed receipt by the Vendor, *inter alia*, of the Balance Consideration.

Assuming the Proposed Acquisition is approved by the Independent Shareholders, the Company will, if necessary, decide whether to have the Purchaser undertake the Pre-Completion Arrangements depending, *inter alia*, on the expected Effective Date and date of Completion under the SPAs, and will update Shareholders should there be any decision or other material developments in this respect.

Should the Pre-Completion Arrangements be undertaken, the Purchaser would be effecting payment of the Balance Consideration to the Vendor even though the registration of the Properties in the Purchaser's favour is pending, in exchange for which the Purchaser will be able to get the benefit of, and account for the rental income from the Tenanted Properties as part of its revenue for the period after the Full Payment Date.

The Board is of the reasonable opinion that while the Pre-Completion Arrangements may pose certain risks to the Purchaser, including the risk of the Purchaser not being able to obtain registration of the title of the Properties in its name due, *inter alia*, to the Government Approvals not being obtained and having to recover the Balance Consideration from the Vendor in such event, such risks are mitigated, *inter alia*, through the termination and unwinding provisions provided for in the SPAs as further elaborated in Section 3.1.8 of the Circular, and the provisions for unwinding of the Set-Off Arrangement as further elaborated in Section 3.1.4.4 of the Circular, in the event all or any part of the Consideration were to be settled and satisfied through the Set-Off Arrangement.

5.4.2. Proposed Property Business Expansion

The salient information of the Proposed Property Business Expansion including, *inter alia*, current scope of the Property Development Business and Construction Business, rationale for the Proposed Property Business Expansion, and the potential risk factors relating to the Proposed Business Expansion can be found in Section 2 of the Circular and have been extracted and set out in italics below. Shareholders are advised to read Section 2 of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

“2. THE PROPOSED PROPERTY BUSINESS EXPANSION

2.1 Current Scope of Property Development Business and Construction Business

The Company had previously, at the extraordinary general meeting held on 11 April 2014, obtained Shareholders' approval for diversification of the Group's core business into the Construction Business and the Property Development Business in the Asia-Pacific Region (excluding Malaysia).

Since obtaining the 2014 Shareholders' Approval, the Group has carried on the Construction Business mainly in Vietnam, through its wholly-owned subsidiary CBS in Singapore (which in wholly owns CBVN in Vietnam), which it had acquired through a series of transactions between May 2016 to August 2017 with a third party Regional Connexion Limited. The Group's Property Development Business is mainly in the Philippines, through its 98%-owned subsidiary ADI, which used to be a 40:60 joint venture between the Company and Regionaland, prior to the Company acquiring a majority interest in such company in December 2016. The Company had also obtained the IPT Mandate from Shareholders in November 2017, to allow and facilitate the

relevant mandated interested person transactions between the Group and the IPT Mandate Interested Persons Group.

2.2 Proposed Property Business Expansion

Under the 2014 Shareholders' Approval, Malaysia was excluded from the list of territories in which the Group may carry out its Property Development Business and the Construction Business.

Malaysia was excluded as a market in the Property Development Business and the Construction Business to be carried out by the Group at time of the 2014 Shareholders' Approval, inter alia, as it was considered that there may be potential conflicts of interest arising if the Group were to carry out its Property Development Business and the Construction Business in Malaysia, for reasons as further elaborated below.

At the time of the 2014 Shareholders' Approval, Dato' Sri Yap was both an executive director and controlling shareholder of the Company, as well as an executive director and major shareholder of SHL Consolidated.

SHL Consolidated is a company listed on Bursa Malaysia, and the SHL Consolidated Group was at the time of the 2014 Shareholders' Approval (and still is) principally engaged in the business of property development, construction, construction related manufacturing, quarrying and ownership and operation of golf and country resort facilities in Malaysia.

Since Dato' Sri Yap was engaged in the management and operations of both the Group and the SHL Consolidated Group at the time of the 2014 Shareholders' Approval, it was considered then that in the event, inter alia, Dato' Sri Yap were to identify or source for business or projects relating to the Property Development Business and the Construction Business in Malaysia, there may be potential conflicts of interests arising, inter alia, in relation to whether such business or projects were to be explored or pursued by the Group and/or the SHL Consolidated Group, and hence to eliminate such potential conflicts, Dato' Sri Yap had undertaken to procure that the Group would not compete or co-operate with any companies within the SHL Consolidated Group in such situations.

Dato' Sri Yap has ceased to be an executive director of the Company since 30 May 2016 and has also ceased to be an executive director of SHL Consolidated since 29 August 2019.

In view of such changes to Dato' Sri Yap's role and involvement in the business of the Group and the SHL Consolidated Group, the earlier concerns of potential conflicts of interest arising should the Group carry out the Property Development Business and the Construction Business in Malaysia should no longer be applicable and, for reasons as further elaborated below, the Directors are of the reasonable opinion that it would be in the interests of the Company to expand its Property Development Business and Construction Business to include the territory of Malaysia, and accordingly, the Company intends to seek Shareholders' approval for the Proposed Property Business Expansion at the EGM.

2.3 Rationale for the Proposed Property Business Expansion

The Proposed Property Business Expansion is part of the Company's corporate strategy to provide Shareholders with diversified returns and long-term growth.

As elaborated in Section 2.2 above, the main reason for the exclusion of Malaysia from the territories in which the Group would carry out its Property Development Business and its Construction Business was due to earlier concerns about potential conflicts of interest which should no longer be applicable.

In view of the foregoing and given that Malaysia is in fact a market and territory which is familiar to the Company and the Group, since the headquarters of the Company is based there, the Directors are of the reasonable opinion that it is in the interest of the Company to carry out the Proposed Property Business Expansion. The Proposed Property Business Expansion, if

approved by Shareholders, will allow the Company to tap on the network and contacts of its directors and management to explore business opportunities to expand and grow the Property Development Business and the Construction Business and undertake or carry out the Malaysian Property Business.

If Shareholders' approval is obtained for the Proposed Property Business Expansion, subsequently, the Property Development Business and the Construction Business in the Asia Pacific Region (including the territory of Malaysia) will be considered as part of the core business of, and all transactions relating thereto will be considered as falling in the ordinary course of business of the Group, and the Company will only seek Shareholders' approval in respect of the Property Development Business and/or the Construction Business, inter alia, in the following situations:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalyst Rules exceeds 100% or results in a change in control of the Company, Rule 1015 of the Catalyst Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the ordinary course of business of the Group and such acquisitions must be, inter alia, made conditional upon approval by Shareholders at a general meeting;
- (b) pursuant to Part III of Practice Note 10A of the Catalyst Rules, where any acquisition or disposal of assets (including options to acquire or dispose assets) will change the risk profile of the Group, such acquisitions or disposals must also be made conditional upon, inter alia, approval by Shareholders at a general meeting, whether or not such acquisition or disposal are in the ordinary course of business of the Group; and
- (c) where any transaction constitutes an interested person transaction (as defined under the Catalyst Rules), Chapter 9 of the Catalyst Rules will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalyst Rules.

Pursuant to Rule 1005 of the Catalyst Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one (1) transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalyst Rules.

Notwithstanding the above requirements as prescribed under the Catalyst Rules, when the Group enters into its first transaction (as defined under Rule 1002(1) of the Catalyst Rules) in respect of the Malaysian Property Business where any of the Catalyst Rule 1006 figures in respect of such transaction exceeds 75% ("**First Major Malaysian Property Business Transaction**"), or when the Group enters into a series of transactions (as defined under Rule 1002(1) of the Catalyst Rules) in respect of the Malaysian Property Business over the course of a financial year and such transactions aggregated (the "**Aggregated Malaysian Property Business Transactions**") exceeds 75.0%, such First Major Malaysian Property Business Transaction or the last of the Aggregated Malaysian Property Business Transactions will be made conditional upon approval of the Shareholders at general meeting.

The requirement to seek further Shareholders' approval for the First Major Malaysian Property Business Transaction or the last of the Aggregated Malaysian Property Business Transactions (as the case may be) as aforesaid has been included, inter alia, in line with certain regulatory guidelines which were implemented after the obtaining of the 2014 Shareholders' Approval for the diversification into the Property Development Business and the Construction Business and, for the avoidance of doubt, shall not (unless otherwise required under any applicable and prevailing Catalyst Rules as amended or modified from time to time) apply to the carrying on of other parts of the Property Development Business and the Construction Business by the Group, apart from the Malaysian Property Business.

The Company will also be required to comply with any applicable and prevailing Catalyst Rules as amended or modified from time to time.

2.4 Potential Risk Factors relating to the Proposed Property Business Expansion

The Group has been carrying on the Property Development Business and the Construction Business as part of the core businesses of the Group since obtaining the 2014 Shareholders' Approval. A description of, inter alia, the business and industry-related risk factors relating to the carrying on of the Property Development Business and the Construction Business can be found in Appendix A of the circular dated 26 March 2014 in relation to the then proposed diversification into the Property Development Business and the Construction Business for which the 2014 Shareholders' Approval was obtained ("2014 Circular"). To the best of the Directors' knowledge and belief, such risk factors are still relevant and applicable in relation to the Proposed Property Business Expansion and there are no new or additional material business or industry-related risk factors in connection with the Property Development Business and/or the Construction Business to be highlighted to Shareholders for purposes of the Proposed Property Business Expansion.

The expansion of the Group's Property Development Business and Construction Business to cover the territory of Malaysia under the Proposed Property Business Expansion would, however, entail considerations of possible additional risks associated with, inter alia, geographical, political, economic, foreign exchange risks of addressing a new market as set out in Appendix E of this Circular.

Shareholders should carefully consider and evaluate the risk factors and all other information contained in the Circular before deciding whether to approve the Proposed Property Business Expansion at the forthcoming EGM."

5.4.3. Financial effects of the Proposed Acquisition

The pro-forma financial effects of the Proposed Acquisition on the Group and its assumptions are set out in Section 4 of the Circular. We recommend that the Independent Directors advise the Independent Shareholders to read those pages of the Circular carefully. The financial effects of the Proposed Acquisition have been extracted from Section 4 of the Circular and are set out in italic below.

"4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition set out below are strictly for illustrative purposes only and should not be taken as an indication of the actual financial performance of the Group following the Proposed Acquisition nor a projection of the future financial performance or position of the Group after Completion.

4.1 Assumptions

The financial effects of the Proposed Acquisition set out below were prepared based on the consolidated accounts of the Group for the most recently completed financial year (being the financial year ended 30 September 2019) after excluding treasury Shares subject to the following assumptions:

- (a) for purposes of computing the effect of the NTA per Share of the Group, it is assumed that the Proposed Acquisition was completed on 30 September 2019;*
- (b) for purposes of computing the effect of the Proposed Acquisition on the EPS, it is assumed that the Proposed Acquisition was completed on 1 October 2018; and*
- (c) the expenses in connection with the Proposed Acquisition have been excluded.*

4.2 Pro Forma NTA

FOR ILLUSTRATION PURPOSES ONLY: *The financial effects of the Proposed Acquisition on the Group's NTA are set out below:*

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to equity holders of the Company (S\$'000)	64,694	64,694
Number of ordinary shares in issue (excluding treasury shares)	898,117,536 ⁽¹⁾	898,117,536
NTA per Share (Singapore cents)	7.20	7.20

Note:

(1) As at 30 September 2019 (excluding treasury Shares, which are deemed to be acquired on 30 September 2019).

4.3 Pro Forma EPS

FOR ILLUSTRATION PURPOSES ONLY: The financial effects of the Proposed Acquisition on the Group's EPS are set out below:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profits attributable to equity holders of the Company (S\$'000)	1,516	1,648
Number of ordinary shares in issue ('000) (excluding treasury shares)	898,117,536 ⁽²⁾	898,117,536
EPS (Singapore cents)	0.169	0.183

Note:

(2) As at 1 October 2018 (excluding treasury Shares, which are deemed to be acquired on 1 October 2018)."

For illustrative purposes only, we note from the table above that the earnings per Share ("EPS") of the Group before and after completion of the Proposed Acquisition would increase from 0.169 Singapore cents to 0.183 Singapore cents for FY2019. We understand from the Management that the improvement in the EPS is due to the rental income derived from the Tenanted Properties and has not considered, *inter alia*, the potential revaluation gain arising from the Properties in view that the market value ascribed by the Independent Valuer is higher than the Consideration.

The Group's NTA per Share would not change and remain at 7.20 Singapore cents for FY2019 after completion of the Proposed Acquisition.

In addition, the Management has represented that there will be no effect on the Group's financial position in terms of gearing ratio as under the terms of the Side Letters, the Consideration may be satisfied (in whole or in part) by cash using internal resources and/or by setting off all or part of the Consideration against the Amounts Owing by Vendor Related Party to Purchaser Related Parties under the Set-Off Arrangement.

As currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement *inter alia*, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million. As at the Latest Practicable Date, the Directors are of the opinion that, barring unforeseen circumstances and after taking into account the Set-Off Arrangement for the Proposed Acquisition, the working capital available to the Group is sufficient to meet its requirements for the next 12 months.

5.4.4. Abstention from Voting

We note from Section 13 of the Circular that pursuant to Rule 921 of the Catalist Rules, the Interested Person Group and parties not independent of them will abstain from voting in respect of their Shares on the Proposed Acquisition and shall not accept nomination as proxies or otherwise for voting on the Proposed Acquisition resolution unless they are given specific instructions as to voting.

5.4.5. Outlook for the Group

The following commentary was made in relation to the business outlook for the Group in the results announcement dated 14 May 2020 in connection with the Group's unaudited financial statements for HY2020:-

"The Coronavirus Disease 2019 ("COVID-19") virus has significantly dampened the global economy and sentiments since the latter part of 1H2020. Nevertheless, at the moment, we are still able to retain our tenants without major disruptions to our operations. The Group is monitoring the implications and will continue to be vigilant during this time."

We note from the discussion with the Directors and the Management that the Proposed Acquisition is in anticipation of the business outlook for the Group and to provide new revenue streams for the Group as the Group's revenue (based on recent historical trends) has been on a downwards trend. The Group's revenue declined from approximately S\$4.1 million in the 6 months period ended 31 March 2019 ("HY2019") to approximately S\$1.1 million in HY2020 and from approximately S\$11.1 million in the financial year ended 30 September 2018 ("FY2018") to approximately S\$7.1 million in FY2019. The Directors and the Management further confirmed that the Proposed Acquisition is in line with the strategic direction of the Group being adoption and implementation of the Proposed Property Business Expansion (to, *inter alia*, expand the Property Development Business and Construction Business to include the territory of Malaysia).

5.4.6. Proposed Acquisition is subject to and conditional upon the Proposed Property Business Expansion

As stated in Section 1.4 of the Circular, Shareholders should note that the Proposed Acquisition is subject to and conditional upon the Proposed Property Business Expansion being approved at the EGM. This means that if the resolution pertaining to the Proposed Property Business Expansion is not passed, the resolution pertaining to the Proposed Acquisition will not be passed.

Independent Shareholders should also note that Malaysia was excluded as a market in the Property Development Business and the Construction Business to be carried out by the Group at time of the 2014 Shareholders' Approval, *inter alia*, as it was considered that there may be potential conflicts of interest arising if the Group were to carry out its Property Development Business and the Construction Business in Malaysia. We note from the Circular that Dato' Sri Yap has ceased to be an executive director of the Company since 30 May 2016 and has also ceased to be an executive director of SHL Consolidated since 29 August 2019.

In view of such changes to Dato' Sri Yap's role and involvement in the business of the Group and the SHL Consolidated Group, Management and Directors have confirmed that the earlier concerns of potential conflicts of interest arising should the Group carry out the Property Development Business and the Construction Business in Malaysia may no longer be applicable or material, and the Directors are of the reasonable opinion that it would be in the interests of the Company to expand its Property Development Business and Construction Business to include the territory of Malaysia.

6. OPINION

In arriving at our recommendation, we have reviewed and examined all factors which we have considered to be pertinent in our assessment of the Proposed Acquisition as an IPT, including the views of and representations by the Directors and the Management. Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position of the Company after completion of the Proposed Acquisition as an IPT, or whether the Company or the Group can improve their financial position and performance, and cash flow or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Acquisition. Our views, recommendation and opinion are thus necessarily limited and subject to the matters stated in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

In arriving at our opinion in respect of the Proposed Acquisition as an IPT, we have reviewed and examined the following key considerations:

- (a) The rationale for and the Directors' view and opinion on the Proposed Acquisition (as set out in Section 3.5 of the Circular and Section 5.1 as well as others of this Letter), in particular, the following:
 - (i) The Directors' view that the Proposed Acquisition presents an attractive opportunity for the Group to acquire an investment property in a good location and with immediate rental returns or yield, at a price which is below prevailing market valuation.
 - (ii) The Directors' opinion that the Proposed Acquisition would enable the Company to enhance shareholders' returns by diversifying income streams to include rental income which is relatively stable and earnings accretive, and with the potential for capital appreciation, and accordingly is in the interest of the Company.
 - (iii) The Consideration for the Proposed Acquisition were to be settled (whether in whole or in part) through the Set-Off Arrangement rather than by way of cash payment, the actual cash outlay which the Purchaser would need to expend to pay for the Consideration due to the Vendor will be reduced accordingly, which would be beneficial to and in the interest of the Purchaser and the Group.
 - (iv) The Proposed Acquisition is in anticipation of the business outlook for the Group and to provide new revenue stream for the Group as the Group's revenue has been on downwards trend. The Group's revenue declined from approximately S\$4.1 million in HY2019 to approximately S\$1.1 million in HY2020 and from approximately S\$11.1 million in FY2018 to approximately S\$7.1 million in FY2019. The Directors and the Management further confirmed that the Proposed Acquisition is in line with the strategic direction of the Group being adoption and implementation of the Proposed Property Business Expansion (to, *inter alia*, expand the Property Development Business and Construction Business to include the territory of Malaysia).
- (b) The Consideration for the Proposed Acquisition is supported by the market value ascribed by the Independent Valuer as at the Valuation Date. We note from Section 3.1.1 of the Circular that the Consideration amounted to RM22,800,000, which represents a discount of approximately 4% from the market value of the Properties as ascribed by the Independent Valuer.

In connection with the market value of the Properties as ascribed by the Independent Valuer, Independent Shareholders should note the following as stated in the Valuation Certificate, *inter alia*:-

- (i) According to the Valuation Certificate, the market value derived from the Comparison Method and the Investment Method is RM23.8 million and RM23.3 million respectively. The Independent Valuer have adopted the Comparison Method value of RM23.8 million as the accurate market value of the Properties in view that that the appropriate approach to arrive at the market value of the Properties is by using the Comparison Method as this method is widely adopted in the industry for valuation of homogeneous properties like

the Properties which has minimal dissimilarities and require less complicated adjustments. As an illustration we note that in the event the Investment Method (which is not prescribed by the Independent Valuer) is used, the Consideration for the Properties will represent a discount of approximately 2% from market value of the Properties based on the Investment Method.

- (ii) The Independent Valuer have adopted the Investment Method to check the reasonability of the market value derived from the Comparison Method. The market value derived from the Investment Method is based on the passing rentals of the Tenanted Properties and asking rentals of similar types of properties in the vicinity and neighbourhood. As the actual rental evidences of similar type of properties are limited and treated as confidential information and are also subject to various covenants and responsibilities of landlords and tenants, there is an absence of sufficient and accurate rental evidences. As such, the Investment Method may not provide accurate market values of the Properties.
 - (iii) The market approach (Comparison Method) is based on the prices which are concluded in the open market between willing buyers and willing sellers through a price mechanism. The market approach also takes into consideration other relevant factors which have impact on the prices comprising the purchaser's capacity, knowledge and understanding of the relative utilities of the properties. Hence, the Independent Valuer has considered the total market value derived from the Comparison Method of RM23.8 million as fair and accurate representation of the market value of the Properties supported by the Investment Method.
- (c) As represented and confirmed by the Directors and the Management, as at the Latest Practicable Date, nine (9) out of total twenty four (24) units of the Properties are currently tenanted with rental terms ranging between one (1) to two (2) years and the expiry dates ranging from December 2020 to July 2022. This implies an occupancy rate of 37.5% for the Properties as at the Latest Practicable Date. As at the Latest Practicable Date, the aggregate rental income derived from the Tenanted Properties is approximately RM52,045 per month or approximately RM624,540 per annum. As stated in Section 2.2.2 of the Valuation Certificate, the estimated annual expenses or outgoings of the Properties (including the Tenanted Properties) is approximately RM188,267.

The Management represented that based on the current tenancy and occupancy rate of 37.5%, the gross and the estimated net yield for the Properties are approximately 2.7% per annum and 1.9% per annum respectively. We note from the Circular that while not all the Properties are tenanted out as at the Latest Practicable Date, the Company understands that comparable units in the surrounding area are generally well-occupied but the Vendor has represented that it has not been actively marketing such units, *inter alia*, as it was previously exploring other options for such units, including occupation for own use. The Directors and the Management are confident that, *inter alia*, barring unforeseen circumstances, there are reasonable prospects for procuring additional tenancy(ies) for the Properties which are currently vacant in the mid to long term, and thereby increasing the occupancy rate as well as the yield of the Properties.

The Directors are accordingly of the view that the Proposed Acquisition will contribute to the Group's earnings as the Properties are already generating profit based on the current tenancy status with potential increased yield, and will provide a hedge against inflation as well as potential capital gains. Based on the current tenancy status, the rental income generated from the Tenanted Properties exceeds the annual outgoings for the Properties.

Independent Shareholders should note that (a) there is no assurance and no certainty that the Tenanted Properties will continue to be able to generate similar rental income after expiry of the respective tenancy agreement or whether the tenancy agreements will be renewed upon expiry or the occupancy rate of the Properties will remain stable or improve going forward; and (b) the annual expenses or outgoings for the Properties are based on estimates as set out in the Valuation Certificate.

- (d) Salient terms of the SPAs which we have assessed in conjunction with the following Directors' confirmations:

- (i) Completion of the Proposed Acquisition shall take place only when the Balance Consideration shall be paid or caused to be paid by the Purchaser to the Vendor in accordance with the terms of the SPAs and all relevant documents necessary for effecting registration of the transfer of the Properties in favour of the Purchaser free from all encumbrances shall be duly registered.
 - (ii) The legal possession of the Tenanted Properties, subject to tenancy, shall be deemed to be delivered by the Vendor to the Purchaser on the day immediately after the Full Payment Date;
 - (iii) All rights, interests and benefits of the Vendor under the Tenancy Agreements shall be deemed to have been assigned, transferred to and vested in the Purchaser pursuant to the terms of the Novation Deeds on the day immediately after the Full Payment Date;
 - (iv) All rent in respect of the Tenanted Properties for the period up to and including the Full Payment Date shall belong to the Vendor and all rent in respect of the Tenanted Properties for the period after the Full Payment Date shall belong to the Purchaser; and
 - (v) The Vendor shall deliver vacant possession of the Properties which are not Tenanted Properties or Tenanted Properties whose Tenancy Agreements have been terminated or have lapsed within five (5) working days from the Full Payment Date.
 - (vi) The Pre-Completion Arrangements and rationale for it, in particular, the Board's opinion that while the Pre-Completion Arrangements may pose certain risks to the Purchaser, including the risk of the Purchaser not being able to obtain registration of the title of the Properties in its name due, *inter alia*, to the Government Approvals not being obtained and having to recover the Balance Consideration from the Vendor in such event, such risks are mitigated, *inter alia*, through the termination and unwinding provisions provided for in the SPAs as further elaborated in Section 3.1.8 of the Circular, and the provisions for unwinding of the Set-Off Arrangement as further elaborated in Section 3.1.4.3 of the Circular, in the event all or any part of the Consideration were to be settled and satisfied through the Set-Off Arrangement.
- (e) As mentioned in Section 3.1.4 of the Circular, as part of the Set-Off Arrangement, the Consideration may be settled and satisfied (partially or entirely) through set-off against the Amounts Owed by the Vendor Related Parties to the Purchaser Related Parties. Pursuant to the Proposed Acquisition and Set-Off Arrangement, the Company will be holding the Properties which generate rental income as compared to holding non-interest bearing receivables, which have been outstanding and comprising, *inter alia*, (a) the amount of S\$9,498,000 owing by Amanland to CBS as a result of Amanland's assumption of the liability of SVC and CBS assuming the rights of CBVN in respect of a security deposit for performance of US\$10,000,000 originally paid by CBVN to SVC in connection with a joint development agreement for the development of certain properties in Vietnam which was subsequently terminated on 28 August 2019, following which the security deposit was assigned and earmarked for future contracts to be awarded by SVC, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019; (b) the net resulting amount of S\$5,498,585 owing by Amanland to CBS as a result of Amanland's assumption of the liability of certain debts from Regional Connexion Limited in prior years, as partially set off through the set off of part of the purchase consideration of S\$7,500,000 due for the Group's acquisition of the remaining 25% of CBS which was completed on 12 April 2019; and (c) the amount of S\$1,679,711 owing by Amanland to CBVN as a result of Amanland's assumption of the liability of two individuals to CBVN in respect of fees paid to them.

We note from the Circular that as currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement, *inter alia*, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million.

- (f) The potential financial effects of the Proposed Acquisition as outlined in Section 4 of the Circular. We note that the Proposed Acquisition will lead to higher EPS for the Group due to the rental income derived from the Tenanted Properties and no effect on the Group's NTA per Share and financial position in terms of gearing ratio (as under the terms of the Side Letters, the Consideration may be satisfied (in whole or in part) by cash using internal resources and/or by setting off all or part of the Consideration against the Amounts Owing by Vendor Related Party to Purchaser Related Parties under the Set-Off Arrangement). As currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement, *inter alia*, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million. As at the Latest Practicable Date, the Directors are of the opinion that, barring unforeseen circumstances and after taking into account the Set-Off Arrangement for the Proposed Acquisition, the working capital available to the Group is sufficient to meet its requirements for the next 12 months.
- (g) The Proposed Acquisition is subject to and conditional upon the Proposed Property Business Expansion being approved at the EGM. This means that if the resolution pertaining to the Proposed Property Business Expansion is not passed, the resolution pertaining to the Proposed Acquisition will not be passed.

Independent Shareholders should also note that Malaysia was excluded as a market in the Property Development Business and the Construction Business to be carried out by the Group at time of the 2014 Shareholders' Approval, *inter alia*, as it was considered that there may be potential conflicts of interest arising if the Group were to carry out its Property Development Business and the Construction Business in Malaysia. We note from the Circular that Dato' Sri Yap has ceased to be an executive director of the Company since 30 May 2016 and has also ceased to be an executive director of SHL Consolidated since 29 August 2019.

In view of such changes to Dato' Sri Yap's role and involvement in the business of the Group and the SHL Consolidated Group, Management and Directors have confirmed that the earlier concerns of potential conflicts of interest arising should the Group carry out the Property Development Business and the Construction Business in Malaysia may no longer be applicable or material, and the Directors are of the reasonable opinion that it would be in the interests of the Company to expand its Property Development Business and Construction Business to include the territory of Malaysia.

- (h) Other relevant considerations as set out in Section 5.4 of this Letter.

Having considered the above, *inter alia*, the Independent Valuation Report, intentions etc., and subject to the limitations, qualifications and assumptions set out in this Letter and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to our terms of reference, **we are of the opinion that, on balance, the Proposed Acquisition as an IPT, is ON NORMAL COMMERCIAL TERMS, and NOT PREJUDICIAL to the interest of the Company and its Minority Shareholders.**

Recommendation

Based on our assessment of the financial terms of the Proposed Acquisition as an IPT as set out above, from a financial point of view, we advise the Independent Directors to recommend that Independent Shareholders vote in favour of the Proposed Acquisition as an IPT to be proposed at the EGM. We advise the Independent Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Independent Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed Acquisition as an IPT.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and Management and therefore does not reflect any projections or future financial performance of the Company or the Group after the completion of the Proposed Acquisition as an IPT and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed Acquisition as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

- (1) We have not made any independent evaluation or appraisal of the Properties (including without limitation, market value or economic potential) and we have not been furnished with any such evaluation and appraisal save for the Independent Valuation Report and the Valuation Certificate from the Independent Valuer in respect of the market value of the Properties. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment) including, *inter alia*, the Properties and relied on the opinion of the Directors and the financial statements (audited and unaudited) of the Group, where applicable for the assessment.
- (2) The Directors have noted that as at the Valuation Date, eight (8) out of the total twenty-four units of the Properties were tenanted out and subsequent to the Valuation Date, a new tenancy agreement was entered into on 14 July 2020 in respect of a unit in block 3-5 of Property 2 for two (2) years period commencing from 1 August 2020. As at Latest Practicable Date, nine (9) out of total twenty-four units of the Properties are currently tenanted with rental terms ranging between one (1) to two (2) years and the expiry dates ranging from December 2020 to July 2022. We note from the Circular that although, the tenancy for such unit in block 3-5 of Property 2 was obtained subsequent to the date of the Independent Valuation Report and the Valuation Certificate, the Company understands that the rental obtained for such unit is in line and in accordance with the market rates used by the Independent Valuer in connection with the Independent Valuation and accordingly, should not have a material adverse impact on the valuation of the Properties as contemplated under the Independent Valuation. The Directors confirmed that notwithstanding the new tenancy agreement for the unit in block 3-5 of Property 2, there will be no material variation in the aggregate market value of the Properties in view that the rental for the said unit in block 3-5 of Property 2 is in line and in accordance with the market rates used by the Independent Valuer.
- (3) It is not within our scope to opine on the future financial performance or position of the Company or the Group subsequent to the Proposed Acquisition or the possibility or probability that the Group can improve their profitability or that the anticipated benefits from the Proposed Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Acquisition or the viability, profitability and risks of the Proposed Acquisition.
- (4) As currently contemplated by the Directors, it is the Company's intention to procure the Purchaser to settle and satisfy a substantial part of Consideration through the Set-Off Arrangement, *inter alia*, as the Group's existing cash and bank balances may not be sufficient to satisfy the Consideration pursuant to the Proposed Acquisition. As at 31 March 2020, the Group's cash and bank balances amounted to approximately S\$1.2 million. As at the Latest Practicable Date, the

Directors are of the opinion that, barring unforeseen circumstances and after taking into account the Set-Off Arrangement for the Proposed Acquisition, the working capital available to the Group is sufficient to meet its requirements for the next 12 months.

- (5) The Directors have confirmed that they are aware of the risk arising from the Pre-Completion Arrangements (including, *inter alia*, the risk of the Purchaser not being able to obtain registration of the title of the Properties in its name due, *inter alia*, to the Government Approvals not being obtained and having to recover the Balance Consideration from the Vendor in such event), and they are satisfied that such risks are mitigated, *inter alia*, through the termination and unwinding provisions in the SPAs as well as the provisions for unwinding of the Set-Off Arrangement, and that the Purchaser will be able to get the benefit of, and account for the rental income from the Tenanted Properties as part of its revenue for the period after the Full Payment Date.
- (6) Our scope does not require us to opine on the ability of the Properties to generate rental income. Independent Shareholders should note that there is no assurance and no certainty that (a) the Tenanted Properties will continue to be able to generate similar rental income after expiry of the respective tenancy agreement or whether the tenancy agreements will be renewed upon expiry; (b) the occupancy rate of the Properties will remain stable or improve going forward; and (c) the Properties will be able to fetch the estimated rental rate as stated in the Valuation Certificate.

Specific objectives

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

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 3.00 p.m. on 25 August 2020, at <https://bit.ly/AmplefieldEGM2020>. Members may begin pre-registration at 3.00 p.m. on 11 August 2020.

Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder by 3.00 p.m. on 27 August 2020. Shareholders should use the log-on credential created during the registration process to access the webcast and audio feed of the proceedings of the EGM. Members who do not receive an email by 3.00 p.m. on 27 August 2020 but have registered by the 25 August 2020 deadline should contact the Company’s Share Registrar, Boardroom Corporate Advisory Services Pte Ltd, by telephone at (65) 6536 5355 during Monday to Friday, from 8.30 a.m. to 5.30 p.m. or by email to amplefield-egm@boardroomlimited.com.

Members who pre-register to watch the “live” webcast or listen to the “live” audio feed may also submit questions relating to the resolutions to be tabled for approval at the EGM. Please note that members will not be able to ask questions at the EGM “live” during the webcast and the audio feed.

All questions must be submitted by 3.00 p.m. on 18 August 2020

- (a) via the pre-registration website at <https://bit.ly/AmplefieldEGM2020>; or
- (b) if sent personally or by post, be received by the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Members (whether individuals or corporates) who wish to exercise their voting rights at the Extraordinary General Meeting must appoint the Chairman of the Meeting as their proxy by completing, signing and returning the Proxy Form attached to the Notice of EGM, in accordance with the instructions printed therein, and:

- (a) if submitted by email, be received by the Company's Share Registrar, at amplefield-egm@boardroomlimited.com.; or
- (b) if sent personally or by post, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

In either case no later than 3.00 p.m. on 25 August 2020, and in default the instrument of proxy shall not be treated as valid.

In addition, Independent Shareholders are advised to read Section 15 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is prepared pursuant to Rule 921(4) of the Catalist Rules of the SGX-ST and addressed to the Independent Directors in connection with and for the sole purpose of their evaluation of the Proposed Acquisition as an IPT and is not meant or intended to be an evaluation of the other resolutions to be proposed or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Proposed Acquisition as an IPT and/or at the forthcoming EGM. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Proposed Acquisition as an IPT, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Independent Directors to the Independent Shareholders in relation to the Proposed Acquisition as an IPT as well as other resolutions referred to in the Circular and the issue of the Circular shall remain the sole responsibility of the Independent Directors and the Directors respectively.

Yours faithfully,

For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

APPENDIX C

INDEPENDENT VALUATION CERTIFICATE



Our Ref: V/C/SHL/6307020

23 March 2020

Chartered Surveyors
International Property Consultants
Registered Valuers, Real Estate Agents
Property Managers, Plant & Machinery Valuers

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**THE BOARD OF DIRECTORS
AMPLEFIELD LIMITED**
Unit A-15-1, AmpleWest@Menara 6
No. 6, Jalan P. Ramlee
50250 KUALA LUMPUR

Dear Sirs,

**VALUATION OF SIX (6) BLOCKS OF FOUR STOREY TERRACED SHOP/OFFICES COMPRISING TWO (2) CORNER BLOCKS AND FOUR (4) INTERMEDIATE BLOCKS.
(UNIT NOS. 1-G TO 1-3 (INCLUSIVE), 3-5-G TO 3-5-3 (INCLUSIVE) & 7-9-G TO 7-9-3 (INCLUSIVE),
JALAN SR 8/1 AND UNIT NOS. 2-4-G TO 2-4-3 (INCLUSIVE), 6-8-G TO 6-8-3 (INCLUSIVE) & 10-12-G
TO 10-12-3 (INCLUSIVE), JALAN SR 8/3, SIN HEAP LEE BUSINESS CENTRE, TAMAN SERDANG
RAYA (FORMERLY TAMAN PUTRA INDAH), 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN)
("SUBJECT PROPERTIES")**

We were instructed by Amplefield Limited to conduct valuation of the Subject Properties for the purposes of submission to Singapore Exchange Securities Trading Limited ("SGX-ST") pursuant to the proposed acquisition by Amplefield Facilities Sdn Bhd from Sin Heap Lee Properties Sdn. Bhd.

This Valuation Certificate has been prepared for inclusion in the Circular of Amplefield Limited in conjunction with the proposed acquisition.

Pursuant to the request, we have carried out inspection of the Subject Properties on 16th March 2020 which is the relevant material date of valuation of the legal interest in the Subject Properties.

The Report and Valuation has been prepared in accordance with the SGX-ST Listing Manual Section B: Rules of Catalist, Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia which are in line with the International Valuation Standards, Singapore Institute of Surveyors and Valuers Standards and Royal Institution of Chartered Surveyors Guidelines with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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1.0 SALIENT DETAILS OF THE SUBJECT PROPERTIES

1.1 Interest Valued / Type of Property

The subject of this valuation comprises the 99-year leasehold interest expiring on 23 September 2090 (unexpired term of about 70.57 years) in six (6) blocks of four storey terraced shop/offices comprising two (2) corner blocks and four (4) intermediate blocks located within Sin Heap Lee Business Centre.

1.2 Location

The Subject Properties are located within Sin Heap Lee Business Centre which is located within the commercial centre of Taman Serdang Raya (Formerly known as Taman Putra Indah) sited off the western (right) side of Kuala Lumpur – Seremban Highway, travelling from Kuala Lumpur city centre towards Serdang. It is located about 16 kilometres (9.94 miles) to the south-west of Kuala Lumpur city centre. Seri Kembangan and Sungai Besi Towns are located about 3.1 kilometres (1.93 miles) and 3.5 kilometres (2.17 miles) to the south-west and north-east of the Subject Properties, respectively.

The Government's Administrative Centre of Putrajaya and the City for Information Technology, Cyberjaya are located about 20 kilometres (12.4 miles) and 19 kilometres (11.8 miles) to the south-west of the Subject Properties, respectively. Kuala Lumpur International Airport (KLIA) and KLIA 2 are located about 48 kilometres (29.8 miles) to the south of the Subject Properties.

The under construction MRT Line 2 will have nearest proposed station at Serdang Raya North and Serdang Raya South along Jalan Utama which are about 600 metres and 2.2 kilometres (1.37 miles) to the south-east of the Subject Properties, respectively.

The Subject Properties front onto Jalan SR 8/1 (which runs parallel with Jalan Serdang Raya) and Jalan SR 8/3 and are easily accessible from Kuala Lumpur – Seremban Highway via Bukit Jalil Highway and Jalan Serdang Raya. Alternatively, the Subject Properties can be accessible from Sungai Besi Expressway via Jalan Besar, Jalan Utama and Jalan Serdang Raya. All are being well maintained metalled roads.

1.3 Particulars of Titles

Lot No.	Title No.	Land Area (Square Metres / "Sq. Mt.")	Annual Rent (RM)
43829	Pajakan Mukim 9586	297	655.00
76593	Pajakan Mukim 10106	358	790.00
76592	Pajakan Mukim 10107	358	790.00
76588	Pajakan Mukim 10111	455	1,004.00
76587	Pajakan Mukim 10112	358	790.00
76586	Pajakan Mukim 10113	358	790.00

In respect of all the titles;

Locality : Sungai Besi
 Pekan : Serdang
 District : Petaling
 State : Selangor Darul Ehsan
 Registered Proprietor : Glen Waverley Sdn. Bhd.
 Tenure : 99-year leasehold interests expiring on 23 September 2090
 Category of Land Use : Building
 Express Condition : "Bangunan perniagaan"
 Restriction In Interest : "Tanah ini tidak boleh dijual, dipajak, digadai atau dipindahmilik dengan apa cara sekalipun melainkan dengan kebenaran Pihak Berkuasa Negeri"

We wish to draw your attention that the titles carry restrictions in interest which stipulate that "Tanah ini tidak boleh dijual, dipajak, digadai atau dipindahmilik dengan apa cara sekalipun melainkan dengan kebenaran Pihak Berkuasa Negeri". In this regard, our valuation is on the basis that written consent from the State Authority in respect of the aforesaid restriction in interest will not be reasonably withheld.

Vide a Sale and Purchase Agreement dated 1st September 2011 made between Glen Waverley Sdn Bhd (Vendor) and Sin Heap Lee Properties Sdn Bhd (Purchaser), we note that the Subject Properties had been sold. However, the new registered proprietor's (the Purchaser's) name has yet to be endorsed on the titles. Thus, Sin Heap Lee Properties Sdn Bhd is the beneficial owner of the Subject Properties.

1.4 Description

1.4.1 The Sites

The subject sites comprise six parcels of land consist of two (2) corner plots and four (4) intermediate plots, having a total title land area of about 2,184 Sq. Mt. / 23,507 square feet ("Sq. Ft.").

The summary of the land areas are as follows:-

Lot Nos.	Block Nos.	Plot	Title Land Area	
			Sq. Mt.	Sq. Ft.
43829	1	Corner	297	3,197
76593	3-5	Intermediate	358	3,853
76592	7-9	Intermediate	358	3,853
76588	2-4	Corner	455	4,898
76587	6-8	Intermediate	358	3,853
76586	10-12	Intermediate	358	3,853
Total			2,184	23,507

The sites are generally flat in terrain and lie at the same level as the frontage metalled roads, Jalan SR 8/1 and Jalan SR 8/3.

1.4.2 The Buildings

The buildings are constructed of reinforced concrete frame with brick infills rendered externally and plastered internally supporting timber pitched roof laid over with tiles.

The ceilings are generally of suspended gypsum boards, ceiling boards, and mineral fibre boards, all are incorporating fluorescent lightings and cement plaster. At the date of our inspection, we noted that the ceilings of Unit Nos. 1-3, 7-9-3, 2-4-1, 2-4-2 & 6-8-3 were damaged and in poor condition. The floors are generally of cement screed for the office areas and ceramic tiles for the shop areas and water closets. The lift lobbies are generally finished with ceramic tiles/marble slabs.

All the ground floors generally accommodate shop/retail areas and water closets whilst all the upper floors are generally of office areas and water closets.

Vertical access between floors for each block is by means of a passenger's lift of type 'Goldstar', with a capacity of 8 persons or 550 kilograms and two reinforced concrete staircases located at the front and rear portions of the buildings. At the date of our inspection, we noted that only the lift of Block No. 6-8 was in working condition whilst the remaining lifts were out of order.

The Gross Floor and Net Lettable Areas of the Subject Properties are tabulated as follows:-

Table 1.0 Built-Up Area In Accordance With The Uniform Methods Of Measurement Of Buildings By The Royal Institution Of Surveyors, Malaysia

Block No.	Floor / Unit No.	Gross Floor Area ("GFA")		Net Lettable Area ("NLA")	
		Sq. Mt.	Sq. Ft.	Sq. Mt.	Sq. Ft.
1	G	297.01	3,197	188.04	2,024
	1	297.01	3,197	251.02	2,702
	2	297.01	3,197	251.02	2,702
	3	297.01	3,197	251.02	2,702
3-5	G	357.96	3,853	289.02	3,111
	1	357.96	3,853	311.04	3,348
	2	357.96	3,853	311.04	3,348
	3	357.96	3,853	311.04	3,348
7-9	G	357.96	3,853	289.02	3,111
	1	357.96	3,853	311.04	3,348
	2	357.96	3,853	311.04	3,348
	3	357.96	3,853	311.04	3,348
2-4	G	455.04	4,898	332.04	3,574
	1	455.04	4,898	404.96	4,359
	2	455.04	4,898	404.96	4,359
	3	455.04	4,898	404.96	4,359
6-8	G	357.96	3,853	289.02	3,111
	1	357.96	3,853	311.04	3,348
	2	357.96	3,853	311.04	3,348
	3	357.96	3,853	311.04	3,348
10-12	G	357.96	3,853	289.02	3,111
	1	357.96	3,853	311.04	3,348
	2	357.96	3,853	311.04	3,348
	3	357.96	3,853	311.04	3,348
TOTAL		8,735.50	94,028	7,376.60	79,401

1.5 Planning Details

The Subject Properties are designated for commercial use.

The Subject Properties are about 26 years old and Certificate of Fitness for Occupation was issued by Majlis Daerah Petaling bearing Reference No. MDP 286/6/112 (42) dated 30 November 1994.

1.6 Occupancy Status

The Subject Properties are being managed by Property Department of Sin Heap Lee Properties Sdn. Bhd.

At the date of our site inspection, we noted that Unit Nos. 3-5-2, 7-9-G, 7-9-1, 2-4-G, 6-8-G, 6-8-1, 10-12-G and 10-12-1 were tenanted whilst the remaining units were vacant. The details of the tenancies are as follows:

Table 2.0 Tenancy Schedule

Unit No.	The Landlord	Rental Term	Date of Commencement / Date of Expiry	Option to Renew For Further Term
3-5-2	Sin Heap Lee Properties Sdn. Bhd.	1 year	16 August 2019 / 15 August 2020	1 year
7-9-G		2 years	15 February 2020 / 14 February 2022	2 years
7-9-1		2 years	1 August 2019 / 31 July 2021	2 years
2-4-G		2 years	1 January 2019 / 31 December 2020	2 years
6-8-G		2 years	1 October 2019 / 30 September 2021	2 years
6-8-1 & 10-12-1		2 years	1 January 2020 / 31 December 2021	2 years
10-12-G		1 year	1 July 2019 / 30 June 2020	1 year

Note: The details of the tenants and the rental rates are unrevealed due to confidentiality reasons.

Source: Sin Heap Lee Properties Sdn. Bhd.

This valuation is carried out subject to the abovementioned tenancies in respect of the tenanted units and with vacant possession in respect of the remaining units.

2.0 VALUATION METHODOLOGY

In arriving at the Market Value of the Subject Properties, we have adopted the Comparison and Investment Methods of Valuation.

2.1 Comparison Method

The Comparison Method is premised on the principle that comparison is made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.

Under this method, an estimate of the market value is derived by comparing the property under valuation with other similar properties that had been sold in the recent past.

In determination of value by this method, a survey was made of property sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, building characteristics, grade, quality, facilities, age, condition, tenure and size to render the sold properties as similar as possible with the Subject Properties. We have compiled and analysed sale evidences of similar type of shop/offices in the locality of the Subject Properties. In arriving at our opinion of the market values of the Subject Properties using the Comparison Method, the following sale evidences, amongst others, are considered suitable comparables and adopted.

Table 3.0 Details Of The Sale Comparables And Comparison Method

NO.	DESCRIPTION	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
a)	Property Address	Premises No. D-27, Block D, Jalan BS 14/1, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	Premises No. C-7, Block C, Jalan BS 14/1, Taman Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan	Premises No. 1, Jalan SR 2/3, Taman Serdang Raya, Section 2, 43300 Seri Kembangan, Selangor Darul Ehsan	Premises No. 27, Jalan SR 1/9, Taman Serdang Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan	Premises No. 5, Jalan SR 8/4, Taman Putra Indah, 43300 Seri Kembangan, Selangor Darul Ehsan	Premises No. 5, Jalan SR 1/9, Taman Serdang Jaya, 43300 Seri Kembangan, Selangor Darul Ehsan
b)	Description of the Building	A Three and a Half Storey End Terraced Shop/Office	A Three and a Half Storey Mid Terraced Shop/Office	A Double Storey Corner Terraced Shop/Office	A Four Storey Mid Terraced Shop/Office	A Double Storey Mid Terraced Shop/Office	A Four Storey Mid Terraced Shop/Office
c)	Tenure	Interest in perpetuity	Interest in perpetuity	99-year leasehold interest expiring on 30 March 2091 (unexpired term of about 72.87 years).	99-year leasehold interest expiring on 16 June 2095 (unexpired term of about 78.18 years).	99-year leasehold interest expiring on 23 September 2090 (unexpired term of about 73.64 years).	99-year leasehold interest expiring on 16 June 2095 (unexpired term of about 78.79 years).
d)	Land Area	2,519 Sq. Ft.	1,798 Sq. Ft.	2,960 Sq. Ft.	1,944 Sq. Ft.	1,920 Sq. Ft.	1,944 Sq. Ft.
e)	Consideration	RM2,800,000	RM2,000,000	RM1,950,000	RM2,490,000	RM1,280,000	RM2,500,000
f)	Gross Floor Area	8,817 Sq. Ft.	6,293 Sq. Ft.	5,920 Sq. Ft.	7,776 Sq. Ft.	3,840 Sq. Ft.	7,776 Sq. Ft.
g)	Net Lettable Area	7,969 Sq. Ft.	5,509 Sq. Ft.	5,412 Sq. Ft.	7,135 Sq. Ft.	3,352 Sq. Ft.	7,135 Sq. Ft.
h)	Date of Transaction	29 April 2019	26 September 2018	5 June 2018	2 May 2017	21 February 2017	19 September 2016
i)	Vendor	Asia Media Supplies (M) Sdn Bhd	Low Whye Kam +1	Rasdini Trading Sdn Bhd	CEC Sales & Services Sdn Bhd	Teh Kean Kean +1	Chew Boon Choy
j)	Purchaser	Yap Onn Wah +7	Rice Up Sdn Bhd	Powerful Sdn Bhd	City Pets Veterinary Clinic Sdn Bhd	Teratai Gaya Sdn Bhd	KS Precision Tools (M) Sdn Bhd
	Analysis (Per Sq. Ft.) (Consideration/Net Lettable Area)	RM351.38	RM363.04	RM360.31	RM348.98	RM381.86	RM350.39
	Adjustment Factors Considered	Sale condition, market condition (time), location and accessibility, corner/end premium, building, size, tenure and lift					

Source: Valuation and Property Services Department, Ministry of Finance

- (a) We note that the analysis of sale evidences range between RM348.98 per square foot to RM381.86 per square foot over their NLA. After making the necessary adjustments, the adjusted values are as follows: -
- The adjusted values of Block No. 1 ranges from RM331.53 per square foot to RM381.19 per square foot. We have adopted the adjusted average value of RM351.60 Per Sq. Ft. from the adjustments of all the sale comparables and less cost of lift repairing and upgrading as fair representation which translate into a market value of RM3,441,754.88 and rounded up to RM 3,450,000.
 - The adjusted values of Block Nos. 3-5 & 7-9 range from RM279.19 per square foot to RM344.89 per square foot. We have adopted the adjusted average value of RM304.38 per square foot from the adjustments of all the sale comparables and less cost of lift repairing and upgrading as fair representation which translate into a market value each premises of RM3,884,177.84 and rounded up to RM 3,900,000.
 - The adjusted values of Block No. 2-4 ranges from RM296.64 per square foot to RM353.97 per square foot. We have adopted the adjusted average value of RM320.17 per square foot from the adjustments of all the sale comparables and less cost of lift repairing and upgrading as fair representation which translate into a market value of RM5,211,093.76 and rounded down to RM5,200,000.
 - The adjusted values of Block No. 6-8 ranges from RM261.74 per square foot to RM326.74 per square foot. We have adopted the adjusted average value of RM286.34 per square foot from the adjustments of all the sale comparables and less cost of lift upgrading as fair representation which translate into a market value each premises of RM3,686,827.72 and rounded up to RM3,700,000.
 - The adjusted values of Block No. 10-12 ranges from RM261.74 per square foot to RM326.74 per square foot. We have adopted the adjusted average value of RM286.34 per square foot from the adjustments of all the sale comparables and less cost of lift repairing and upgrading as fair representation which translate into a market value each premises of RM3,646,827.72 and rounded up to RM3,650,000.

(b) Market values by Comparison Method are summarized as follows: -

Block Nos.	Type	NLA (Sq. Ft.)	Market Value (RM)
1	Corner	10,130	3,450,000
3-5	Intermediate	13,155	3,900,000
7-9	Intermediate	13,155	3,900,000
2-4	Corner	16,651	5,200,000
6-8	Intermediate	13,155	3,700,000
10-12	Intermediate	13,155	3,650,000
Total			23,800,000

2.2 Investment Method

The investment method is premised on the principle that the value of an income-producing property is represented by “the present worth of future rights to income, or utility”. The market value estimate under this method is derived by ascertaining the market rent of the property (i.e. that income which is ascribable to the property under its highest and best use); deducting all reasonable annual operating expenses (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate of capitalisation to obtain the present value of the income stream.

In undertaking our assessment of the value using the capitalisation approach, the gross market rental income is taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance, repair and maintenance, management and voids, is deducted from gross market rental income.

2.2.1 Market Rental

We note that Unit Nos. 3-5-2, 7-9-G, 7-9-1, 2-4-G, 6-8-G, 6-8-1, 10-12-G and 10-12-1 have been tenanted and the rest of the units are vacant. We have given cognisance to the current passing rental where it is in accordance with the market rental.

We also note that there is a dearth of concluded rental evidences provided by Valuation And Property Services Department, Ministry Of Finance and such information are always treated as confidential information.

However, our investigation revealed that there are asking rentals of similar type of properties in the vicinity of the Subject Properties. In arriving at the Market Rental Value of the Subject Properties, we have analysed and adopted the passing rentals of the units which have been tenanted. We also have compiled asking rentals/passing rentals of similar type of properties based on our site survey with the tenants in the immediate vicinity and neighbourhood. We have made diligent adjustments from the asking/survey rentals prior to arriving at fair market rentals of the Subject Properties.

2.2.2 Annual Outgoings

The net rent is the residue of gross annual market rent for the Subject Properties less annual expenses (outgoings) required to sustain the rent with allowance for void and management fees. We have analysed the actual past annual outgoings of the Subject Properties and made diligent adjustments to arrive at the fair outgoings of the Subject Properties. The actual annual outgoings of the Subject Properties as adopted in arriving at the Market Value are tabulated below: -

Table 4.0: Annual Outgoings of the Subject Properties

	Block No. 1	Block No. 3-5	Block No. 7-9	Block No. 2-4	Block No. 6-8	Block No. 10-12
Quit Rent (Actual)	RM 655	RM 790	RM 790	RM 1,004	RM 790	RM 790
Assessment (Actual)	RM 7,560	RM 7,200	RM 7,200	RM 7,560	RM 7,200	RM 7,200
Insurance (Actual)	RM 2,594	RM 3,127	RM 3,127	RM 3,975	RM 3,127	RM 3,127
Repair And Maintenance (Estimated)	RM10,949	RM12,702	RM12,702	RM16,253	RM11,338	RM11,338
Management (Estimated)	RM 6,569	RM 7,621	RM 7,621	RM 9,752	RM 6,803	RM 6,803
Total (RM per Sq. Ft. per month)	RM28,327 (RM0.23)	RM31,440 (RM0.20)	RM31,440 (RM0.20)	RM38,544 (RM0.19)	RM29,258 (RM0.19)	RM29,258 (RM0.19)

Source: Sin Heap Lee Properties Sdn. Bhd.

We have adopted annual outgoings of RM0.19 per square foot per month to RM0.23 per square foot per month, in respect of the Subject Properties as fair representation.

2.2.3 Rent Loss Adjustment/Vacancy Allowance

Taking into consideration the general trend of shop/offices vacancy for similar type of properties and the duration of the rent free allowance based on prevailing market practise, we have allocated 5% of the gross annual rental for vacancy period, vacancy between rent reviews and rent free & fitting out periods as fair representation for the reversion.

2.2.4 Yield/Capitalisation Rate

The resultant net rent is then capitalised by an appropriate yield to arrive at the market value of the Subject Properties. We wish to inform that we have adopted a market corroborated capitalisation rate to arrive at the capital value of the Subject Properties. The market based rate is the most frequently adopted methodology by the property industry in Malaysia as information pertaining to the sales are easily available.

The gross annual revenues are based on the best estimate with 95% occupancy. In arriving at the yield analysis, we have estimated the gross annual rental of the sale transactions based on 95% occupancy which is a fair estimation as per the practise in the industry.

The yield is adopted after considering relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trends and annual outgoings of similar type of properties. The yields adopted are market based and after taking into consideration the characteristics of the Subject Properties.

Based on our yield analysis, we note that the yields of transactions of similar type of shop/office/houses at the outskirts of Kuala Lumpur city and similar locality of the Subject Properties range from 4.5% to 5.5%.

Having considered the relevant factors including location, existing market condition, physical characteristics, size, tenure and carefully going through the rental trend and annual outgoings of similar type of properties as well as making comparison of yields of various type of residential, industrial, agricultural and other types of commercial properties comprising office buildings, shopping complexes and hotels, we have adopted capitalisation rate of 5.0% which reflects the fair and reasonable yield for the Subject Properties.

3.0 RECONCILIATION OF VALUES

The market values derived by adopting the valuation methods are tabulated below:-

Table 5.0: Reconciliation of Values

Method of Valuation	Derivation of Values
Comparison Method	RM23,800,000
Investment Method	RM23,300,000
Market Value Adopted	RM23,800,000

Based on our investigation and analysis, we note that there are adequate sale evidences of similar type of properties in the immediate vicinity of the Subject Properties which can be relied upon to arrive at the accurate market value of the Subject Properties using the Comparison Method. The details of the sale evidences are easily available from the reliable sources of the Valuation And Property Services Department, Ministry Of Finance.

We are of the view that the appropriate approach to arrive at the Market Value of the Subject Properties is market approach using the Comparison Method. This method is widely adopted in the industry for valuation of homogeneous properties like the Subject Properties which have minimal dissimilarities and require less complicated adjustments. The market value derived from the Comparison Method is RM23,800,000.

We have also adopted the Investment Method to check the reasonability of the market value derived from the Comparison Method. Based on the Investment Method, the total market value derived is RM23,300,000. We wish to highlight that the market value derived from the Investment Method is based on the passing rentals of the tenanted Subject Properties and asking rentals of similar type of properties in the vicinity and neighbourhood. The actual rental evidences of similar type of tenanted properties are limited and treated as confidential information which are not made available to public. The rental evidences are also subject to various covenants and responsibilities of landlords and tenants which require further complicated analysis. Thus, in the absence of sufficient and accurate rental evidences, the Investment Method may not provide accurate market value of the Subject Properties.

The market approach (Comparison Method) is based on the prices which are concluded in the open market between willing buyers and willing sellers through a price mechanism. The market approach also takes into consideration other relevant factors which have impact on the prices comprising the purchaser's capacity, knowledge and understanding of the relative utilities of the properties. Hence, we have considered the total market value derived from the Comparison Method of RM23,800,000 as fair and accurate representation of the market value of the Subject Properties supported by the Investment Method.

4.0 OPINION OF VALUE

Having regard to the foregoing, taking into consideration of all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the Market Value of the 99-year leasehold interest expiring on 23 September 2090 (unexpired term of about 70.57 years) in six (6) blocks of four storey terraced shop/offices comprising two (2) corner blocks and four (4) intermediate blocks, bearing postal addresses Unit Nos. 1-G to 1-3 (inclusive), 3-5-G to 3-5-3 (inclusive) & 7-9-G to 7-9-3 (inclusive), Jalan SR 8/1 and Unit Nos. 2-4-G to 2-4-3 (inclusive), 6-8-G to 6-8-3 (inclusive) & 10-12-G to 10-12-3 (inclusive), Jalan SR 8/3, Sin Heap Lee Business Centre, Taman Serdang Raya (Formerly Taman Putra Indah), 43300 Seri Kembangan, Selangor Darul Ehsan, subject to the existing tenancies in respect of the tenanted units and with vacant possession in respect of the vacant units and subject to the titles being free of all encumbrances, good, marketable and registrable is RM23,800,000 (Ringgit Malaysia : Twenty Three Million And Eight Hundred Thousand Only).

For And On Behalf Of
CHESTON INTERNATIONAL (KL) SDN. BHD.



G. PAREMES SIVAM, FRISM, MRICS, MIACVS, MPEPS, MMIPFM
CHARTERED SURVEYOR, MRICS 1278663
REGISTERED VALUER, V-480
DATE OF VALUATION: 16TH MARCH 2020

Valuer's Professional Experience

Cheston International (formerly known as Chesterton International) was established in 1991, has offices in 5 major cities in Malaysia and with overseas associates and affiliates. The Group is supported by about 100 qualified industry experts with understanding and knowledge of respective local and overseas markets and necessary competencies, expertise and experience in the valuation and various aspects of real estate services.

Cheston International Group provides a range of property consultancy services involving portfolio valuation for corporations and multinationals seeking listing on the Kuala Lumpur, Singapore and Hong Kong Stock Exchanges. Other areas of expertise include valuation of commercial properties for sale and purchase purposes, statutory valuations for compulsory land acquisition and appeal on annual assessment purposes, valuation of plant, machinery and equipments of power plants and manufacturing facilities, valuation for arbitration and litigation purposes, timber concessions and mineral resource valuations, infrastructure and utilities valuations, independent development and research consultation, property market analysis, feasibility studies and investment evaluation, management of properties, and sales and lettings of all types of real estates. The Group also specialises in providing real estate solutions to all group of clients from individuals to corporations, institutions, state owned enterprises, joint ventures and multinationals.

Sr. G. Paremes Sivam is a Registered Valuer, Registered Estate Agent and Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents & Property Managers Malaysia. He is also a Fellow of the Royal Institution of Surveyors Malaysia (FRISM), Member of the Royal Institution of Chartered Surveyors, UK (MRICS), Member of International Association of Certified Valuation Specialists, Canada (MIACVS), Member of Malaysian Institute of Professional Property and Facility Managers (MMIPFM) and Member of Association Of Valuers, Property Managers, Estate Agents And Property Consultants In Private Sector, Malaysia (MPEPS). He has over 27 years of working experience in the real estate professional services and has extensive experience in the property market in Malaysia. He specialises in cash flow projections of major commercial properties, townships, oil palm plantations and has been involved in several due diligence exercises involving large real estate investments. He also provides advisory services to major corporations, public and private companies, multinationals, developers and industrialists.

APPENDIX D

RISK FACTORS PERTAINING TO THE PROPOSED MANUFACTURING BUSINESS DIVERSIFICATION

Shareholders should note that the Proposed Manufacturing Business Diversification will involve certain risks being taken on by the Group.

Shareholders should carefully consider and evaluate each of the following risks and all of the other information set out in this Circular in relation to the Proposed Manufacturing Business Diversification. Some of the following risks relate principally to the Manufacturing Business. Others relate principally to general economic and political risks.

If any of the following risks and uncertainties develops into actual events, the business, financial condition or results of operation of the Group could be materially and adversely affected. The risks discussed below may also include forward-looking statements and the Group's actual results may differ substantially from those discussed in these forward-looking statements.

The following considerations are not exhaustive and not intended to be exhaustive. There may be considerations that are not known to the Group or currently not deemed material.

(A) RISK FACTORS RELATING TO THE GROUP

The Company may not be able to successfully implement its business strategy and future plans for the Proposed Manufacturing Business Diversification

There is no guarantee that the Group will be able or continue to successfully implement all of its business strategies and future plans for the Proposed Manufacturing Business Diversification. The execution of its strategy relies on, *inter alia*, CAM maintaining its competitive edge, favourable market conditions and a conducive and facilitative regulatory environment in the jurisdictions the Group operates or will operate in in relation to the Proposed Manufacturing Business Diversification. The Group's business and performance may be adversely affected in the event it is unable to fully or successfully execute its business strategies and future plans.

The Proposed Manufacturing Business Diversification may require substantial capital expenditure and financial resources

The Proposed Manufacturing Business Diversification may require substantial investment, capital expenditure and financial resources including, *inter alia*, the incurrence of working capital. There is no assurance that these plans will generate revenue commensurable with the Group's investment, capital or operating costs. If the Group fails to generate a sufficient level of revenue or if the Group fails to manage its costs effectively, the Group will not be able to recover such costs and its future financial performance and financial position may be adversely affected.

The Proposed Manufacturing Business Diversification may have a material impact on the financial results or position of the Group or otherwise materially change the risk profile of the Group

The Company's investment in CAM pursuant to the CAM Mechatronics Acquisition is not currently expected to have a material impact on or materially change the risk profile of the Group, *inter alia*, as it is merely an investment in an associated company for which the Group accounts for its share of profits or loss arising from the business undertaken by CAM. However, should the Company increase its shareholding interest in CAM to a majority interest or assumes management or control of CAM, CAM may become a subsidiary of the Company, in which case the Company will have to consolidate the financial results of CAM as a subsidiary, and likewise for other subsidiaries of the Group which may be engaged or involved in the Manufacturing Business. The Proposed Manufacturing Business Diversification may accordingly have a material impact on the financial results or position of the Group or otherwise materially change the risk profile of the Group.

Certain subsidiaries of the Group in relation to the Proposed Manufacturing Business Diversification may not be incorporated in Singapore

CAM is a company incorporated in the Philippines, and other subsidiaries and associated companies of the Group which may be engaged or involved in the Manufacturing Business from time to time may be located in jurisdictions other than in Singapore. They are therefore subject to the relevant laws and regulations of these jurisdictions, and shareholders of such entities (including members of the Group) may or may not be accorded the same level of shareholder rights and protections that would be accorded under Singapore laws.

Foreign Exchange Control Risk

Currently, the Group's revenue and purchases are denominated in various countries, including the Singapore dollar, US dollar and Malaysian Ringgit. With the investment in CAM following the CAM Mechatronics Acquisition and the Proposed Manufacturing Business Diversification, the Group may have share of profits, revenue and purchases that are denominated in Pesos and possible other foreign currencies. To the extent that this may result in the Group's revenue and purchases not being sufficiently matched in the same currency and to the extent that there are timing differences between collection and payment, the Group will be exposed to any adverse fluctuations in the exchange rates between the various foreign currencies and the Singapore dollar.

In addition, as the Group's reporting currency is the Singapore dollar, the financial results of the Company's foreign subsidiaries and associated companies will need to be translated to Singapore dollars for consolidation purposes. As such, any material fluctuation in foreign exchange rates will result in translation gains or losses on consolidation. Unfavourable movements in these exchanges may have an adverse effect on the Group's revenue and/or cost of operating.

Although the Group may hedge its foreign currency exposure by entering into foreign currency forward contracts when necessary, given the number of currencies involved and the volatile currency exchange rates, the Group cannot predict the effect of exchange rate fluctuations on the Group's future operating results. In the event the Group is unable to effectively hedge its foreign currency exposure, the Group's profitability and financial performance may be adversely affected.

General risk of doing business overseas

CAM is a company incorporated in the Philippines and its Manufacturing Business is situated in the Philippines as at the Latest Practicable Date. The Group also does not plan to restrict the Manufacturing Business to any specific geographical markets, including markets outside of the Philippines. As such, the Group is subject to the general risk of doing business overseas. These general risks include unexpected changes in regulatory requirements, difficulty in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty regarding legal liability or enforce of legal rights, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect the overseas operations of the Group.

In addition, if the government of countries in which the Group operates tightens or otherwise adversely change their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group may be adversely affected.

(B) RISK FACTORS RELATING TO THE MANUFACTURING BUSINESS OR THE INDUSTRY

Insufficient resources, experience and necessary expertise

While the Group used to be engaged in the Manufacturing Business, the Group's existing management and workforce may not have sufficient resources, experience and necessary expertise in the Manufacturing Business. Therefore, the growth of the Manufacturing Business will be dependent on the Group's ability to identify, recruit, train and retain qualified employees to form a relevant and strong management team with the requisite technical expertise to oversee the operations of the Manufacturing Business. The competition for qualified personnel in the Manufacturing Business is intense, and the loss of services of one or more of such individuals without adequate replacement or the inability to attract new qualified personnel at a reasonable cost could have a material adverse effect on the Manufacturing Business.

Failure to attract and retain key employees and the increasing costs of labour could adversely impact the Group

In order to be successful, the Group must attract and retain talented executives and other key employees, including those in managerial, technical, sales, marketing, and support positions, for its Manufacturing Business. The Manufacturing Business requires individuals with relevant experience and diverse skill sets, and there are competing demands for such skilled personnel among manufacturers in the industry on a global basis. The failure to attract employees with the requisite skills and abilities to the Group, the loss of key employees, or the need to train new staff, could adversely impact the Group's ability to meet key objectives, such as the timely and effective development and delivery of products and services, and could otherwise have a significant impact on the Group's Manufacturing Business.

Further, the increasing cost of labour may erode the Group's profit margins and compromise its cost effectiveness. In the event that they are unable to effectively manage the increase to the cost of labour, the performance of the Group's Manufacturing Business may be adversely affected.

Risks in relation to supply of materials and fluctuation in commodity prices

The production facilities of the Group's Manufacturing Business will require raw or precursor materials. These materials, if imported, will be subjected to international market forces. Should the price of these materials increase significantly, the Group might be required to pay more to its suppliers. There is also no assurance that such supply of materials will not be disrupted, or that there would be no changes in the regulatory or operational requirements or practices relating to these materials. Such impacts on the supply of materials to the Group may adversely affect its performance.

Ability to maintain competitiveness

The Manufacturing Business is competitive and the Group will face competition from both existing competitors and new market entrants around the world. Some of these competitors will be able to compete on key attributes such as scale and capacity of production facilities, pricing, brand name, timely delivery and customer service.

CAM has been able to remain competitive thus far due to, *inter alia*, the relatively low cost of labour in the Philippines, the increasing inflow of manufacturing contracts and shift of production work away from the PRC due to recent trade tensions between US and the PRC, the constant innovation and improvement of its process design and know-how to anticipate and cater to its clients' requirements, its ability to promptly adapt to changes in clients' preferences and changing industry standards and trends and offer a one-stop center, and being able to leverage upon its technological capabilities to efficiently meet its production demands.

There is no assurance that CAM or the Group's Manufacturing Business will be able to continue competing successfully in the future and failing to remain competitive could adversely affect its financial performance.

The Group may not be able to adapt to rapidly changing technologies

As the Manufacturing Business is a technology-intensive industry, the continued success and competitiveness of the Group will depend on its ability to adapt to rapidly changing and disruptive technologies.

The development or application of new or alternative technologies, services or standards by its competitors could require the Group to respond with significant changes to its business model and/or the development of new technologies in order to remain on a level playing field and not render its products or services obsolete. The development and incorporation of such new technologies may require substantial expenditures, take considerable time, and ultimately may not be successful.

Further, the Group cannot accurately predict the effects of emerging and future technological changes on its businesses, or how it would be subject to competition from such new technologies in the future. The success of the Group would depend on its ability to efficiently develop and incorporate new technologies and adapt to technological changes and evolving industry standards, and any inability to do so in a timely or cost-effective manner could have a material adverse effect on the Group's business, prospects and financial condition.

The Group's operations may involve significant operating risks

The Group's manufacturing processes will need to be continually improved to increase production yields and production capacity. New products may also need to be manufactured to cater to clients' needs which may require the Group to implement new processes or modify existing processes to manufacture such new products. Manufacturing efficiency is thus an important factor in the Group's ability to maintain its competitiveness. However, there can be no assurance that the Group can continue to maintain this aspect of its competitiveness. It may experience manufacturing problems in achieving satisfactory production yields and/or product delivery delays. These problems may arise as a result of, *inter alia*, capacity constraints, construction delays, delay in ramping-up production at new plants and upgrading and expanding existing plants. If the Group's operations are unable to remain cost efficient, its future profitability may be adversely affected.

Future capital needs and additional financing

The Group's Manufacturing Business's future capital needs may include funds necessary to procure to machinery or develop its product line or to otherwise take advantage of business opportunities or respond to competitive pressures.

The Group's ability to arrange for adequate financing for its Manufacturing Business on terms that will allow the Group a commercially acceptable rate of return is dependent on factors which may be beyond its control, including general economic conditions, the terms on which financial institutions are willing to extend credit and the availability of other sources of debt or equity financing. Furthermore, the incurrence of debt will increase the interest payments required to service the Group's debt obligations and could result in operating and financial covenants that restrict its operations and its ability to pay dividends to Shareholders

If financing is not available when needed, or is available on unfavourable terms, the Group may be unable to take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on its performance.

While the Group has no intention to do so presently, the Group may also consider tapping the capital markets via rights issue or otherwise to raise funds for the Manufacturing Business as and when necessary and deemed appropriate.

Relationships with clients and other parties and any adverse changes in these relationships could adversely affect the Group

Sales depend, in substantial part, on the Group's ability to enter into, maintain and renew client contracts on favourable terms. The Group cannot provide assurances that its businesses will be able to maintain existing client contracts, or enter into or maintain new client contracts, on acceptable terms, if at all, and the failure to do so could have a material adverse effect on the Group's performance. The non-renewal or termination of an agreement with a major client or multiple agreements with a combination of smaller clients could have a material adverse effect on the Group's performance.

It is also important for the Group to maintain existing and build new relationships with third party distribution channels and service providers. Any adverse changes in these relationships, including the inability of these parties to fulfil their obligations for any reason, could adversely affect the Group's performance.

Cash flow illiquidity and default by debtors

There is no assurance that the Group will not face any delays in payment from customers. Such delays may affect the Group's cash flow position and could affect its liquidity and create cash flow problems. In addition, there is the risk that debtors may default on their obligations to repay amounts owing to the Group, resulting in a material adverse effect on its operations and financial conditions.

Various licenses and permits may be required to operate the Manufacturing Business

The Group may be required to obtain a number of regulatory licenses, approvals and permits from various government authorities and regulatory authorities as may be necessary for the conduct of the Manufacturing Business. The grant and/or continuation of these licenses and permits may be subjected to various conditions such as, *inter alia*, annual examinations and/or random inspections by the relevant authorities to ensure that the premises comply with all relevant regulations of the issuing authority. Any breach or material non-compliance with such regulations may result in rejection, suspension, withdrawal or termination of the relevant licenses and permits, financial penalties or cessation of its operations. There is also no assurance that the Philippines government would not introduce new or more stringent measures which impact the licenses and permits required to be applied for or maintained and/or the conditions attached to the holding of such licenses and permits. Any failure to secure renewal or grant of such licenses, approvals and permits may have a material and adverse effect on the Group's reputation, business, prospects, financial condition and operations.

The Group may be affected by terrorist attacks, natural disasters, outbreaks of communicable diseases and other events beyond its control

Terrorist attacks, natural disasters and other events beyond the Group's control may occur in the markets in which it operates in relation to the Manufacturing Business. The consequences of any such terrorist attacks, natural disasters or other events beyond its control are unpredictable, and the Group is not able to foresee events of such nature, which could cause interruption to parts of its business in such markets, including damage to the Group's inventory and production facilities. In the event that it is unable to obtain timely replacements for its inventory or equipment or restore its production operations, major disruptions to its products may result, which in turn may have a material adverse effect on its operations and financial results.

In addition, an outbreak or continuing outbreak of COVID-19, Zika, SARS, avian influenza, Influenza A and/or other communicable diseases, if uncontrolled, could lead to an economic downturn or uncertainty in the economic outlook of such markets. This in turn could have an adverse impact on the Group's Manufacturing Business, for instance if there may be a reduction in demand for the products manufactured under such business, which in turn may have a material adverse effect on its operations and financial results. In the event that the Group's employees and/or employees of its suppliers in such markets are infected or suspected of being infected with any communicable disease, the Group and/or supplier may be required by health authorities to temporarily shut down the affected premises or offices and quarantine the relevant employees to prevent the spread of diseases. This may result in delays or disruptions which could affect the Group's operations in the markets, which in turn may have a material adverse effect on its operations and financial results.

System interruptions and penetration of network security may adversely affect the operation of the Group and expose it to legal and financial liabilities

Success of the Group depends, in part, on its ability to maintain the integrity of its systems and infrastructure, including websites, information and related systems, call centres and distribution and fulfilment facilities. System interruption and the lack of integration and redundancy in its information systems and infrastructures may adversely affect its ability to operate websites, process and fulfil transactions, respond to customer inquiries and generally maintain cost-efficient operations. The Group may experience occasional system interruptions that make some or all systems or data unavailable or prevents it from efficiently providing services or fulfilling orders. The Group also rely on affiliate and third-party computer systems, broadband and other communications systems and service providers in connection with the provision of services generally, as well as to facilitate, process and fulfil transactions. Any interruptions, outages or delays in its systems and infrastructures, its businesses, its affiliates and/or third parties, or deterioration in the performance of these systems and infrastructures, could impair its ability to provide services, fulfil orders and/or process transactions. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, acts of war or terrorism, acts of God and similar events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructures at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent it from providing services, fulfilling orders and/or processing transactions.

In addition, any penetration of network security or other misappropriation or misuse of personal consumer information could cause interruptions in its operations and subject the Group to increased costs, litigation and other liabilities. Network security issues could lead to claims against it for other misuse of personal information, such as for unauthorised purposes or identity theft, which could result in litigation and financial liabilities, as well as administrative action from governmental authorities. Security breaches could also significantly damage the reputation of the Group with its clients and third parties with whom it does business. It is possible that advances in computer capabilities, new discoveries, undetected fraud, inadvertent violations of company policies or procedures or other developments could result in a compromise of information or a breach of the technology and security processes that are used to protect consumer transaction data. As a result, current security measures may not prevent any or all security breaches. The Group may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences.

Failure to adequately protect intellectual property rights or may be accused of infringing intellectual property rights of third parties

The Group may fail to adequately protect its intellectual property rights or may be accused of infringing intellectual property rights of third parties. Intellectual property rights, including patents, service marks, trademarks and domain names, copyrights, trade secrets and similar intellectual property (as may be applicable) are critical for companies operating in the manufacturing industry. The Group may rely on a combination of laws and contractual restrictions with employees, clients and suppliers to establish and protect these proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use trade secrets or copyrighted intellectual property without authorisation which, if discovered, might require legal action to correct. In addition, third parties may independently and lawfully develop substantially similar intellectual properties.

In the ordinary course of business, the Group may face claims of alleged infringements of the trademarks, copyrights, patents and other intellectual property rights of third parties. In addition, litigation may be necessary in the future to enforce the Manufacturing Business's intellectual property rights, protect trade

secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect the performance of the Group.

The Group may lack sufficient insurance coverage

Due to the nature of manufacturing operations, the Group will inherently face the risk of accidents involving its employees or third parties on its facilities and premises, or due to fire, floods or other natural disasters. In the event that any accidents occur which are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation to the relevant party and its financial performance may be adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Group in the future. These may have an adverse effect on the Group's financial results. In addition, such accidents could also have an adverse impact on the Group's operations if the Group is required by regulatory authorities to suspend its operations for a period of time or does so voluntarily. This may result in fines or delays in production, cost overruns or liquidated damages, which will in turn affect the Group's profitability. Such accidents could damage the Group's reputation and may, as a result, lead to loss of business.

The Group may also suffer losses in respect of theft, damage or loss to its properties, machineries and inventories which may not be sufficiently covered by its insurance coverage. In the event that it suffers losses greater than the coverage provided by its insurance policies, the performance of the Group may be adversely affected.

Change in environmental protection standards and policies may affect operating costs

In the course of the Group's development and expansion, changing environmental standards and policies or new environmental protection regulations may result in an increase in operating costs. Such policies and regulations have been implemented more frequently in recent years due to the increasing importance placed on sustainable businesses and the preservation of the environment and ecosystem. Such policies may impact the Group's long-term business and financial performance.

Production facilities may be affected by power shortages

Production facilities in the manufacturing industries generally consume substantial amounts of electrical power. These facilities may experience occasional temporary power shortages disrupting production due to thunderstorms and other natural events beyond its control. These production disruptions, if prolonged, may have a significant adverse effect on the Group's business and financial results.

(C) RISK FACTORS RELATING TO THE PHILIPPINES

The Philippines economy and business environment may be disrupted by political or social instability

As the Group intends to focus on the Manufacturing Business initially in the Philippines, the political and social climate in the Philippines could materially and/or adversely affect the Group's profitability and its business prospects. The Philippines has from time to time experienced severe political and social instability, including acts of political violence. Any future political or social instability or acts of terrorism in the country could destabilise the country, thereby affecting the operations and financial condition of the Group. There

is also no assurance that there will be no changes in the social, political and economic policies of the Philippines government which may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in foreign exchange regulations, taxation and land ownership and development restrictions. These may include changes to currently favourable policies encouraging foreign investment or foreign trade. In the event that social, political and economic policies of the Philippines's government change, the Group's operations may be adversely affected.

Actions which may be taken by foreign governments pursuant to any trade restrictions, such as "most favoured nation" status and trade preferences, as well as potential foreign exchange and repatriation controls on foreign earnings, exchange rate fluctuations, and currency conversion restrictions may also adversely affect the Group.

Economic instability could have a negative effect on the financial results of the Group

The growth and profitability of the Group is greatly influenced by the economic situation of the Philippines. Any economic instability in the future may have a negative effect on the financial performance of the Group. Over the years, the Philippines has experienced periods of slow or negative growth, high inflation, unforeseen devaluation of its currency, imposition of exchange controls, debt restructuring and significant rise in oil prices. While the Group may adopt conservative policies to protect its operations and finances, any deterioration in the economic conditions of the country could affect it adversely.

Foreign exchange legislation

Local and foreign investors are subject to the relevant foreign exchange rules and regulations in the Philippines. These rules are aimed to influence capital flows and facilitate currency risk management to promote financial and economic stability in the country. These rules are reviewed regularly by Bangko Sentral ng Pilipinas, the central bank of the Philippines, in line with the changing environment. As at the Latest Practicable Date, foreign investors are free to repatriate capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investments in Philippines.

Any future restriction on the repatriation of funds may adversely affect the Group's performance and limit its ability to distribute dividends to its Shareholders.

Natural disasters adversely affecting the business of the Group in the Philippines

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, volcanic eruptions and earthquakes, some of which have materially disrupted and adversely affected businesses all around the country. The Philippines continues to be susceptible to such disasters due to its geographical location, being situated in the "Pacific Typhoon Belt" and the "Pacific Ring of Fire", and its lack of institutional and societal capacity to efficiently manage, respond, and recover from such events. Some of the recent and notable calamities that hit the country were Typhoon Ondoy in 2009, Typhoons Pedring and Sendong in 2011, Typhoon Pablo in 2012, the Bohol and Cebu Earthquakes in 2013, and Typhoon Yolanda in 2013. Recently, on 22 April 2019, a magnitude 6.1 earthquake struck parts of the Philippines. There can be no assurance that natural catastrophes will not materially disrupt the Group's operations in the future, or that it is fully capable of dealing with these situations with respect to all the damages and economic losses resulting from these catastrophes. Any such events could have a material adverse impact on the Group and its financial results.

Appendix E

RISK FACTORS RELATING TO THE PROPERTY DEVELOPMENT BUSINESS AND THE CONSTRUCTION BUSINESS

The following is an extract of the subsections titled “Specific Risks Relating to The Property Development Business”, “General Risks Relating to the Construction Business”, “Specific Risks Relating to the Construction Business” and “Specific Risks Relating to the Building Materials Sub-Business” from Appendix A of the 2014 Circular.

SPECIFIC RISKS RELATING TO THE PROPERTY DEVELOPMENT BUSINESS

Lack of proven track record in the Property Development Business

As the Group does not have a proven track record in the Property Development Business, there is no assurance that the Property Development Business will achieve the expected level of revenue and margins. If the Group fails to manage costs effectively, the overall financial position and profitability of the Group may be adversely affected. There is no assurance that the Property Development Business will not fall short of expectations due to circumstances that are beyond the control of the Group.

Insufficient resources, experience and necessary expertise

The Group’s existing management and workforce may not have sufficient resources, experience and necessary expertise in the Property Development Business. Therefore, the growth of the Property Development Business will be dependent on the Group’s ability to identify, recruit, train and retain qualified employees to form a relevant and strong management team with the requisite technical expertise to oversee the operations of the Property Development Business. The competition for qualified personnel in the Property Development Business is intense, and the loss of services of one or more of such individuals without adequate replacement or the inability to attract new qualified personnel at a reasonable cost could have a material adverse effect on the Property Development Business.

Dependence on economic situation and property industry

The performance of the Property Development Business will depend largely on the economic situation and the performance of the Philippines’ and Vietnam’s property industries. While there was substantial growth in the property market in the past decade, there is no assurance that such growth will maintain.

Should the economy or the property market experience a downturn, the performance of the Group's Property Development Business may be adversely affected.

Requirement of substantial capital investments

Property investment and development activities may require substantial capital investments. The Group plans to finance its land acquisitions and property development projects using a combination of internal sources of funds, progress payments and financial institution borrowings. While the Group has no intention to do so presently, the Group may also consider tapping the capital markets via rights issues or otherwise to raise funds for the Property Development Business as and when necessary and deemed appropriate. There is no assurance that the Group will have sufficient internal funds available for land acquisitions, property developments or property investments, or that it will be able to sell a sufficient number of units in a project in order to fund the development of the project or to be able to secure adequate financing, if at all, or renew credit facilities granted by banks and financial institutions for the projects in question. The Group's ability to arrange for adequate financing for land acquisitions or property developments on terms that will allow the Group a commercially acceptable rate of return is dependent on factors which may be beyond its control, including general economic conditions, the terms on which financial institutions are willing to extend credit and the availability of other sources of debt or equity financing. Furthermore, the incurrence of debt will increase the interest payments required to service the Group's debt obligations and could result in operating and financial covenants that restrict its operations and its ability to pay dividends to Shareholders. If the Group does not have adequate resources to finance land acquisitions or property developments, this will have an adverse effect on its Property Development Business.

Changes in laws and regulations

The property development industry is subject to the respective laws and regulations. Any changes in the applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group. There is no assurance that any changes in the applicable laws and regulations will not have an adverse effect on the financial performance of the Group.

Significant risks before any benefits from property developments can be realised

Depending on the size and complexity of the project, it will usually take more than twelve (12) months to complete a property development. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of relevant authority approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, the unavailability and/or the

escalating costs of building materials, equipment and/or labour, disputes with contractors, accidents, changes in building regulations, mismanagement of projects, default by contractors, lackluster sales or leasing of the properties and other unforeseen circumstances. The sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any of the property development risks described above materialises, returns on investments for the Property Development Business may be lower than originally expected and the Group's financial performance will be materially and adversely affected.

Fluctuations in property prices and the availability of suitable land sites

Property prices are generally affected by the supply and demand for properties, which in turn is affected by local market sentiments and expectations, costs of materials and labour that have increased during the past decade as well as the overall economy of the country. Any economic recession or negative market sentiment may therefore have an adverse effect on the demand for the Group's properties and the pricing thereof, leading to a direct impact on the Group's revenue and profitability.

Also, the Group will be subject to the availability of suitable land sites and competition with other property developers for land sites. Failure to secure appropriate land sites for property development would affect the Group's revenue.

Competition

The Property Development Business is competitive and the Group will face competition from existing property developers and new entrants to the Property Development Business. Some of the Group's competitors may possess significant financial, managerial, marketing and other resources, as well as experience in property and land development and management. Competition between property developers is intense and may result in, among other things, increased costs of the acquisition of land for development, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. In addition, intense competition may lead to an oversupply of development properties which may result in price competition. Failure to secure buyers or significant reductions in property prices due to price competition will have an adverse effect on the Group's revenue and profitability. Also, the real estate market may be subject to rapid change and fluctuations. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors do, its ability to generate revenue from the Property Development Business and its financial condition and results of operations will be adversely affected.

Fluctuations in revenue

The competitive process of tenders to secure projects means that there is neither consistency nor assurance that projects of a certain value and volume will be secured and undertaken continuously. Accordingly, the Group's revenue may fluctuate significantly depending on the number and value of projects successfully secured. Also, there may be periods of time between the completion of projects and the commencement of subsequent projects, thus adversely affecting the Group's earnings and financial performance during such periods.

Claims for delays or defective works

The Group may face claims from purchasers and management corporations relating to defective works on the property, and delays in completing and handing over of vacant possession of the property to the Group's clients. Claims may also be made against the Group by owners or occupiers of neighbouring properties in respect of the use of such properties. As such, the Group's business and financial position will be affected if the Group has to pay significant amounts of compensation or spend significant amounts of resources in legal costs in the event of legal proceedings against the Group. The Group's reputation may also be affected as a result of such proceedings.

Illiquidity

Unsold property development assets are relatively illiquid prior to their sale. Such illiquidity will limit the Group's ability to convert its unsold property development assets into cash on short notice. The selling prices of the Group's unsold completed property development assets may be adversely affected in the event that it requires a quick sale of these assets. Consequently, such illiquidity may affect the Group's operations, cash flow and financial performance adversely.

Decline in property values

The Group intends to carry out valuations on properties it invests in. The valuations will be based on certain assumptions and are not intended to be a prediction of the actual values likely to be realised by the Group from these investments. The valuations of the Group's properties will be adversely affected by unfavourable changes in the economic or regulatory conditions or other relevant factors that affect such valuations negatively.

Legal proceedings arising from the operations of the Property Development Business

The Group may be involved from time to time in disputes with various parties involved in the development and sale of its properties such as the relevant authorities, main contractors, subcontractors, suppliers, purchasers, other partners and lenders in the future. Disputes with purchasers may include claims relating to delays and defective works. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs, delays and damage to the Group's reputation. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in financial losses and delay the construction or completion of the Group's projects. Any project delays arising from the above will affect the Group's business and financial performance.

GENERAL RISKS RELATING TO THE CONSTRUCTION BUSINESS

Dependence on qualified employees, experts and consultants for its operations and profitability may cause the Construction Business to be affected by a shortage of skilled labour

The Construction Business including the Building Materials Sub-Business will be dependent on skilled labour, supervisors and managerial staff with relevant experience. The Group recognises there may be an increasing shortage of such personnel in the construction and concrete products industries. Any scarcity in the availability of such labour resources will have an adverse effect on the operations of the Construction Business and Building Materials Sub-Business and eventually its financial performance.

Competition from existing and new industry players

The construction and building materials industries are highly competitive and such competition may increase in the near future due to the entry of new players. In the event that the Group's competitors are able to provide comparable construction services and building materials at lower prices or respond to changes in market conditions more swiftly or effectively than the Group does, the Group's business, results of operations and financial performance will be adversely affected. There is no assurance that the Group will be able to compete effectively with the Group's existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by the Group to remain competitive will adversely affect the demand for the Group's business, its results of operations and financial performance.

SPECIFIC RISKS RELATING TO THE CONSTRUCTION BUSINESS

Construction Business is dependent on the health of the local property market and the general economy

The Group will be exposed to the cyclical fluctuations of the economies in the Philippines and Vietnam as the Group's construction business will be dependent on the health of the property markets which in turn are dependent on the general health of these economies. A downturn in any of these economies will dampen general sentiments in the property market in the respective countries and reduce construction demand, which will invariably have a material adverse effect on the Group's business and financial performance.

Shortages in supply of workers or increase in levy for workers, or any restriction on the number of workers that can be employed for a project

The construction industry is highly labour intensive. It is envisaged that most of the Group's construction workers will be local workers given the difficulty in recruiting foreign workers.

The time taken and costs involved in completing construction can be adversely affected by, *inter alia*, shortage of labour. There is no assurance that the Group or our contractors will be able to recruit sufficient labour as and when it is required at each stage of the project. Further, in the event of any labour dispute, workers may call for a strike or a work stoppage which could disrupt the progress of the Group's projects.

On this basis, the Group's operations and financial performance will be vulnerable to any such shortages in the supply of local workers and any increase in the cost of such labour. A shortage of labour may cause disruptions to the Group's operations which may result in a delay in the completion of the Group's projects. Shortage of labour will also increase the construction costs due to higher wages and such additional costs will affect the profitability of the Group and the Group's financial performance may be materially and adversely affected.

Dependence on sub-contractors

The Group proposes to engage independent third-party contractors to provide various services, including but not limited to design, building and property fit-out works, installation of air-conditioning units and elevators, and interior decoration for its property development projects. There is no assurance that the services rendered by such independent third party contractors will always be satisfactory or match the targeted quality level.

Moreover, sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of property development projects or resulting in additional costs, including the costs of overruns and/or the payment of liquidated damages. Any lack of satisfactory quality in respect of any aspect of the project or any delay in the completion of projects caused by sub-contractors could adversely affect the results of operations of the Construction Business and possibly, the reputation of the Group.

Lack of continuity of order book for new projects

As the Construction Business will be undertaken on a project basis and such projects are non-recurring, it is critical that the Group is able to continually and consistently secure new projects of similar value and volume. There is no assurance that the Group will be able to do so. In the event that the Group is not able to continually and consistently secure new projects, this would have an adverse impact on the Group's financial performance. In addition, there may be a lapse of time between the completion of the Group's projects and the commencement of subsequent projects. As such, the Group's earnings and financial performance during such periods may be adversely affected.

Cost overruns will adversely affect the performance of the Construction Business

In preparation for tenders for construction projects, the Group intends to carry out internal costing and budgeting estimates of labour and material costs, which will be based on the quotations given by the Group's suppliers and sub-contractors, as well as the Group's own estimate of costs. Thereafter, the contract value quoted in the tender submission to the developer for a construction project is determined after having evaluated all related costs including the indicative pricing of the Group's suppliers and sub-contractors. However, owing to unforeseen circumstances such as changes to regulatory policies, social policies, political policies and economy policies, adverse weather conditions, unanticipated construction constraints at the worksite which may arise during the course of construction, or fluctuations in the costs of labour, raw materials, equipment, rental and sub-contracting services, costs not previously factored into the contract value may be incurred. As contracts with developers typically would not allow for any adjustments to the contract value consequent to the occurrence of such circumstances, such costs which are not previously factored into the contract value will lead to cost overruns and would have to be absorbed by the Group. Under such circumstances, the Group's profit margin for the project will be reduced or eroded and accordingly, the Group's operations, profitability and financial performance will be adversely affected.

Risks in relation to supply of raw materials and fluctuations in commodity prices

The Construction Business will require building materials including but not limited to concrete, cement, sand, granite and steel for the construction works. These building materials are generally imported and

hence subject to international market forces. Should the price of building materials increase significantly, the Group might be required to pay more to its suppliers, which could materially and adversely affect the results of operations and financial condition of the Construction Business. Also, any disruption in the supply, cost increase, or changes in the regulatory or operational requirements or practices relating to these materials may have a direct adverse impact on project timing, project costs and hence the profitability of the Construction Business. As the duration of construction contracts are typically long, it is generally not possible to hedge the supply and costs of building materials for the entire term of the contract. It is also generally not market practice for construction contracts to provide for cost escalations. In such circumstances, escalated costs will cause the Group to suffer an adverse impact on its financial performance.

Risks in relation to interest rate movements

The Construction Business will face risks in relation to interest rate movements, in particular as a result of the debts intended to be undertaken to finance the consumption of large quantities of building materials, including but not limited to raw iron, steel, sand, bricks and concrete, in its operations. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on net profits of the Group. Furthermore, an increase in interest rates would also adversely affect the Group's ability to service loans and its ability to raise and service long-term debt.

Potential liability and loss arising from damages, injury or death due to accidents at construction worksites

Due to the nature of building construction, the Group will face the risk of accidents involving its employees or third parties on its development sites. In the event that any accidents occur which are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation to the relevant party and its financial performance may be adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Group in the future. These may have an adverse effect on the Group's financial results. In addition, such accidents could also have an adverse impact on the Group's operations if the Group is required by regulatory authorities to suspend its operations for a period of time or does so voluntarily. This may result in fines or delays in project completion and possibly, cost overruns or liquidated damages, which will in turn affect the Group's profitability. Such accidents could damage the Group's reputation and may, as a result, lead to loss of business.

Cash flow illiquidity and default by debtors

Owing to the nature of the construction industry, payments from customers will only be made upon the successful and satisfactory completion of each phase of a project. Delays in payments from customers would result in a prolonged time lag between disbursements by the Group for operating expenses and the receipt of payments from customers. Therefore, a lapse in the monitoring of the Group's cash flow position could affect its liquidity and create cash flow problems. In addition, there is the risk that debtors will default on their obligations to repay amounts owing to the Group, resulting in a material adverse effect on the operations and financial conditions of the Group.

Liability for delays in the completion of projects, and any liquidated damages and additional overheads arising from such delays could adversely affect the Group's financial performance

The construction contract between a developer and its main contractor will normally include a provision for the payment of liquidated damages by the latter to the former in the event the project is completed after the stipulated date of completion stated in the contract. Delays in the completion of a project could occur from time to time due to several factors including but not limited to changes to regulatory policies, social policies, political policies and economy policies, adverse weather conditions, shortages of labour, equipment and construction materials, the occurrence of natural disasters, labour disputes, disputes with suppliers and sub-contractors, industrial accidents, work stoppages arising from accidents or mishaps at the worksite or delays in the delivery of building materials by the suppliers. In the event of any delay in the completion of the project, the Group could be liable to pay liquidated damages under the construction contract and incur additional overheads, and this will adversely affect the Group's earnings and erode the Group's profit margin for the project. In such event, the Group's financial performance and financial condition would be adversely affected. There is no assurance that there will not be any delays in the existing and future construction projects which the Group undertakes resulting in the payment of liquidated damages and additional overheads which could have a material impact on the Group's financial performance and financial condition.

SPECIFIC RISKS RELATING TO THE BUILDING MATERIALS SUB-BUSINESS

The Group may be affected by its customers who operate mainly in the construction industry, which is subject to fluctuations in market demand and conditions

The Group's customers are primarily operating in the construction industry, which is subject to fluctuations in market demand and conditions in the property market. In the event there is a downturn or recession in the construction industry brought about by various causes such as reduced demand, political instability or changes in the regulatory environment, the Group's customers' businesses may be adversely affected and they may significantly reduce their demand for the Group's products. This may lead to adverse effects on the Group's financial performance.

Risks in relation to supply of raw materials and fluctuations in commodity prices

The Building Materials Sub-Business will require materials such as cement and aggregates comprising sand and gravel or crushed stone. These materials, if imported, will be subjected to international market forces. Should the price of these materials increase significantly, the Group might be required to pay more to its suppliers, which could materially and adversely affect the results of operations and financial condition of the Building Materials Sub-Business. Also, any disruption in the supply, cost increase, or changes in the regulatory or operational requirements or practices relating to these materials could have a direct adverse impact on the profitability of the Building Materials Sub-Business.

Potential liability and loss arising from damages, injury or death due to accidents at the processing plant

As RMC and concrete products will be processed at a factory, the Group will face the risk of accidents involving its employees or third parties. In the event that any accidents occur which are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation and its financial performance may be adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Group in the future. These may have an adverse effect on the Group's financial results. In addition, such accidents could also have an adverse impact on the Group's operations if the Group is required by regulatory authorities to suspend its operations for a period of time or does so voluntarily. This may result in fines or delays in the delivery of products and possibly liquidated damages, which will in turn affect the Group's profitability. Such accidents could damage the Group's reputation and may, as a result, lead to loss of business opportunities.

Various licences and permits are required to operate the Building Materials Sub-Business

The Group will require various licences and permits to operate the Buildings Materials Sub-Business in the Philippines and Vietnam. In the event that the Group is unable to obtain the relevant licenses or certificates or any other approvals required for the Building Materials Sub-Business, the business and operations of the Group may be adversely affected. Moreover, these licences and permits are generally subject to conditions stipulated therein and/or relevant laws or regulations under which they are issued. Failure to comply with the stipulated conditions could result in the revocation or non-renewal of the relevant licence or permit. As such, the Group will have to constantly monitor and ensure its compliance with such conditions, and keep itself abreast of the latest amendments to the relevant laws and/or regulations. Should there be any failure to comply with such conditions resulting in the revocation of any of the licences and permits or the failure to obtain or procure the necessary licences and permits, the Group will not be able to carry out the Building Materials Sub-Business in the Philippines and Vietnam. As the Building Materials Sub-Business is a revenue generating sector of the Construction Business, the overall revenue for the Construction Business will be affected.

APPENDIX F
RISK FACTORS RELATING TO THE PROPOSED PROPERTY BUSINESS EXPANSION

RISK FACTORS RELATING TO MALAYSIA

The Malaysian economy and business environment may be disrupted by political or social instability

The political and social climate in Malaysia could materially and/or adversely affect the Group's profitability and its business prospects. Malaysia has from time to time experienced severe political and social instability, including acts of political violence. Any future political or social instability or acts of terrorism in the country could destabilise the country, thereby affecting the operations and financial condition of the Group. There is also no assurance that there will be no changes in the social, political and economic policies of the Malaysian government which may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in foreign exchange regulations, taxation and land ownership and development restrictions. These may include changes to currently favourable policies encouraging foreign investment or foreign trade. In the event that social, political and economic policies of the Malaysia's government change, the Group's operations may be adversely affected.

Actions which may be taken by foreign governments pursuant to any trade restrictions, such as "most favoured nation" status and trade preferences, as well as potential foreign exchange and repatriation controls on foreign earnings, exchange rate fluctuations, and currency conversion restrictions may also adversely affect the Group.

Economic instability could have a negative effect on the financial results of the Group

The growth and profitability of the Group is greatly influenced by the economic situation of Malaysia. Any economic instability in the future may have a negative effect on the financial performance of the Group. Over the years, Malaysia has experienced periods of slow or negative growth, high inflation, unforeseen devaluation of its currency, imposition of exchange controls, debt restructuring and significant rise in oil prices. While the Group may adopt conservative policies to protect its operations and finances, any deterioration in the economic conditions of the country could affect it adversely.

Foreign exchange legislation

Local and foreign investors are subject to the relevant foreign exchange rules and regulations in Malaysia. These rules are aimed to influence capital flows and facilitate currency risk management to promote financial and economic stability in the country. These rules are reviewed regularly by Bank Negara Malaysia, the central bank of Malaysia, in line with the changing environment. As at the Latest Practicable Date, foreign investors are free to repatriate capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investments in Malaysia.

Any future restriction on the repatriation of funds may adversely affect the Group's performance and limit its ability to distribute dividends to its Shareholders.

The Group's operations in Malaysia may be affected by terrorist attacks, natural disasters, outbreaks of communicable diseases and other events beyond its control

Terrorist attacks, natural disasters and other events beyond the Group's control may occur in the new market in which it operates. The consequences of any such terrorist attacks, natural disasters or other events beyond its control are unpredictable, and the Group is not able to foresee events of such nature, which could cause interruption to parts of its business in Malaysia. In addition, an outbreak or continuing outbreak of COVID-19, Zika, SARS, avian influenza, Influenza A and/or other communicable diseases, if uncontrolled, could lead to an economic downturn or uncertainty in the economic outlook of Malaysia. This in turn could have an adverse impact on the Group's Property Development Business and Construction Business in Malaysia, for instance if there may be a reduction in demand for commercial properties such as the Properties or, generally, a poorer outlook for the Construction Business, which in turn may have a material adverse effect on its operations and financial results. In the event that the Group's employees and/or employees of its suppliers in Malaysia are infected or suspected of being infected with any communicable disease, the Group and/or supplier may be required by health authorities to temporarily shut down the affected premises or offices and quarantine the relevant employees to prevent the spread of diseases. This may result in delays or disruptions which could affect the Group's operations in Malaysia, which in turn may have a material adverse effect on its operations and financial results.

AMPLEFIELD LIMITED
(Company Registration No. 198900188N)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Amplefield Limited (the “**Company**”) will be held at by way of electronic means on 28 August 2020 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following ordinary resolutions set out below.

All capitalised terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the circular to shareholders of the Company dated **11 August 2020** (the “**Circular**”).

The Notice has been made available on SGXNet and the Company’s Website at URL <https://amplefield.com>. A printed copy of this Notice, the proxy form and other documents related to the EGM will **NOT** be despatched to members.

ORDINARY RESOLUTIONS

RESOLUTION 1: THE PROPOSED PROPERTY BUSINESS EXPANSION

Approval be and is hereby given for the Company to expand its Property Development Business and Construction Business into Malaysia.

RESOLUTION 2: THE PROPOSED ACQUISITION

That subject to and conditional upon Resolution 1 being passed:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, the Proposed Acquisition; and
- (b) the Directors and each of them be and are hereby severally authorized to complete and do all such acts and things (including, without limitation, executing such documents as may be required and to make such amendments thereto as the Directors may consider necessary, desirable and expedient) as they or he may consider necessary, desirable or expedient in the interests of the Company and/or the Group to give effect to the Proposed Acquisition and/or the transactions contemplated by the SPAs and the Side Letters.

RESOLUTION 3: THE PROPOSED MANUFACTURING BUSINESS DIVERSIFICATION

Approval be and is hereby given for the Company to diversify its business activities from that of property development, construction and construction-related activities as well as holding of investments to that of the Manufacturing Business.

By Order of the Board

ALBERT SAYCHUAN CHEOK
Chairman
Amplefield Limited

11 August 2020

Additional Notes:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 3.00 p.m. on 25 August 2020, at <https://bit.ly/AmplefieldEGM2020>. Members may begin pre-registration at 3.00 p.m. on 11 August 2020.

Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder by 3.00 p.m. on 27 August 2020. Shareholders should use the log-on credential received to access the webcast and audio feed of the proceedings of the EGM. Members who do not receive an email after 3.00 p.m. on 27 August 2020 but have registered by the 25 August 2020 deadline should contact the Company’s Share Registrar, Boardroom Corporate Advisory Services Pte Ltd, by telephone at (65) 6536 5355 during Monday to Friday, from 8.30 a.m. to 5.30 p.m. or by email to amplefield-egm@boardroomlimited.com.

Persons holding shares through relevant intermediaries, who wish to participate in the EGM via webcast should contact their relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

3. Members who pre-register to watch the “live” webcast or listen to the “live” audio feed may also submit questions relating to the resolutions to be tabled for approval at the EGM. Please note that members will not be able to ask questions at the EGM “live” during the webcast and the audio feed.

All questions must be submitted by 3.00 p.m. on 18 August 2020 (“**Questions Cut-Off Date**”)

- (a) via the pre-registration website at <https://bit.ly/AmplefieldEGM2020>; or
- (b) if sent personally or by post, be received at the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

The Company will address substantial questions relevant to the resolution to be tabled for approval at the EGM as received from Shareholders before the Questions Cut-Off Date, before or during the EGM. The Company will, within one month after the date of the EGM, publish the minutes of the EGM, together with responses to subsequent clarifications sought or follow-up questions raised by shareholders in respect of substantial and relevant matters on SGXNet and the Company’s website.

4. A member will not be able to attend the EGM in person. Members (whether individuals or corporates) who wish to exercise their voting rights at the Extraordinary General Meeting must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Extraordinary General Meeting. In appointing the Chairman of the Meeting as proxy, members

(whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the Meeting as proxy must:
 - (a) if sent personally or by post, be received at the Company's Share Registrar, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted by email, be received by the Company's Share Registrar at amplefield-egm@boardroomlimited.com.

In either case no later than 3.00 p.m. on 25 August 2020, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

CPF and SRS Investors are to approach their respective CPF Agent Banks or SRS Operators to submit their votes by at least seven (7) days before the time appointed for the holding of the EGM.

7. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
8. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
9. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).
10. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Important Reminders

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Extraordinary General Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Extraordinary General

Meeting. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this Notice, or (c) submitting any question prior to the EGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the EGM (including any adjournment thereof);
- (ii) processing of the pre-registration for purposes of granting access to members to the "live" webcast or "live" audio feed of the EGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

AMPLEFIELD LIMITED

(Registration No. 198900188N)

(Incorporated in the Republic of Singapore)

EXTRAORDINARY GENERAL MEETING

PROXY FORM

This form of proxy has been made available on SGXNet and the Company’s website and may be accessed at the URL <https://amplefield.com>.

IMPORTANT:

1. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 3.00 p.m. on 25 August 2020, at <https://bit.ly/AmplefieldEGM2020>. Members may begin pre-registration at 3.00 p.m. on 11 August 2020.

Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder by 3.00 p.m. on 27 August 2020. Shareholders should use the log-on credential received to access the webcast and audio feed of the proceedings of the EGM. Members who do not receive an email after 3.00 p.m. on 27 August 2020 but have registered by the 25 August 2020 deadline should contact the Company’s Share Registrar, Boardroom Corporate Advisory Services Pte Ltd, by telephone at (65) 6536 5355 during Monday to Friday, from 8.30 a.m. to 5.30 p.m. or by email to amplefield-egm@boardroomlimited.com.

2. CPF and SRS Investors are to approach their respective CPF Agent Banks or SRS Operators to submit their votes by at least seven (7) days before the time appointed for the holding of the EGM.
3. By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 11 August 2020.

*I/we, _____ (Name) of _____ *(NRIC/Passport No./ Company Registration No.) of _____ (Address) being a *member/members of Amplefield Limited (the “Company”), hereby appoint

The Chairman of the Extraordinary General Meeting (the “Meeting”)

as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Meeting of the Company to be held by way of electronic means on Friday, 28 August 2020 at 3 p.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting as my/our proxy to vote for or against or to abstain from the resolutions to be proposed at the Meeting as indicated hereunder.

No.	Ordinary Resolution	For [#]	Against [#]	Abstain [#]

1.	To approve the Proposed Property Business Expansion			
2.	To approve the Proposed Acquisition			
3.	To approve the Proposed Manufacturing Business Diversification.			

If you wish for the Chairman of the Meeting as your proxy to cast all your votes “For” or “Against” a resolution, please indicate with a “v” in the “For” or “Against” box provided. Alternatively, please indicate the number of votes as appropriate. If you wish for the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a “v” in the “Abstain” box provided. Alternatively, please indicate the number of Shares that the Chairman of the Meeting as your proxy is directed to abstain from voting. In the absence of specified directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2020

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Shareholder(s) / Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

**Delete accordingly*

NOTES:-

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the EGM in person. Members will be able to watch the proceedings of the EGM through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 3.00 p.m. on 25 August 2020, at <https://bit.ly/AmplefieldEGM2020>. Members may begin pre-registration at 3.00 p.m. on 11 August 2020.

Following authentication of their status as members, authenticated members will receive email verifying their status as a shareholder. Shareholders should use the log-on credential received to access the webcast

and audio feed of the proceedings of the EGM. Members who do not receive an email after 3.00 p.m. on 27 August 2020 but have registered by the 25 August 2020 deadline should contact the Company's Share Registrar, Boardroom Corporate Advisory Services Pte Ltd, by telephone at (65) 6536 5355 during Monday to Friday, from 8.30 a.m. to 5.30 p.m. or by email to amplefield-egm@boardroomlimited.com.

Persons holding shares through relevant intermediaries, who wish to participate in the EGM via webcast should contact their relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must:
 - (a) if sent personally or by post, be received at the Company's Share Registrar, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) if submitted by email, be received by the Company's Share Registrar at amplefield-egm@boardroomlimited.com.

In either case no later than 3.00 p.m. on 25 August 2020, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

CPF and SRS Investors are to approach their respective CPF Agent Banks or SRS Operators to submit their votes by at least seven (7) days before the time appointed for the holding of the EGM.

5. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).
8. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Important Reminders

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Meeting. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.