

CIRCULAR DATED 4 NOVEMBER 2016

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(S) IMMEDIATELY.

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

If you have sold or transferred all your shares in the capital of Ocean Sky International Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form 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 together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Company is a sponsored company listed on the Catalist board ("**Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Companies listed on Catalist may carry higher investment risks when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares traded on Catalist.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, UOB Kay Hian Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not verified the contents of this Circular. The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Augustine Cheong, Assistant Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

There are certain risks involved in the Proposed Acquisition. In particular, Shareholders should refer to the section entitled "Letter to Shareholders – The Proposed Acquisition – Risk Factors relating to the Proposed Acquisition" of this Circular.



OCEAN SKY INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198803225E)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED ACQUISITION OF THE REMAINING 70% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ANG TONG SENG BROTHERS ENTERPRISES PTE LTD NOT HELD BY THE COMPANY WHICH CONSTITUTES A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES;**
- (2) **THE PROPOSED CONSOLIDATION OF EVERY TWO (2) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE; AND**
- (3) **THE PROPOSED ALLOTMENT AND ISSUE OF 100,219,780 NEW CONSOLIDATED SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.132.**

Financial Adviser to the Company in respect of the Proposed Acquisition

UOB Kay Hian

UOB KAY HIAN PRIVATE LIMITED

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

Independent Financial Adviser to the Non-Interested Directors in respect of the Proposed Acquisition



XANDAR CAPITAL PTE LTD

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

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 19 November 2016 at 10.30 a.m.
Date and time of Extraordinary General Meeting : 21 November 2016 at 10.30 a.m.
Place of Extraordinary General Meeting : **Raffles Marina**
Bridge Room, Level 2
10 Tuas West Drive
Singapore 638404

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DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout:

Companies within the Enlarged Group

“Company”	:	Ocean Sky International Limited
“Enlarged Group”	:	The enlarged group comprising the Group and the Target, assuming Completion
“Group”	:	The Company and its subsidiaries from time to time
“Target”	:	Ang Tong Seng Brothers Enterprises Pte Ltd

Other Companies, Organisations and Agencies

“BCA”	:	Building and Construction Authority
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund
“Financial Adviser”	:	UOB Kay Hian Private Limited, the financial adviser to the Company in respect of the Proposed Acquisition
“IFA” or “Independent Financial Adviser”	:	Xandar Capital Pte Ltd, the independent financial adviser to the Non-Interested Directors in respect of the Proposed Acquisition
“Independent Valuer”	:	Censere Singapore Pte Ltd
“MOM”	:	The Ministry of Manpower of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Sponsor”	:	The continuing sponsor of the Company, UOB Kay Hian Private Limited
“Vendors”	:	Mr Ang Boon Cheow Edward and Mr Wong Siew Hui

General

“1H2016”	:	The six (6) months period ended 30 June 2016
“Announcement”	:	The announcement of the Proposed Acquisition dated 21 September 2016
“Associate”	:	(a) In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family (that is, the person’s spouse, child, adopted child, step-child, sibling and parent);(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and

DEFINITIONS

- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company), means any other company which is its subsidiary or holding company or a subsidiary of such holding company or company in which it and/or they, taken together (directly or indirectly) have an interest of 30.0% or more
- “Audit Committee”** : The audit committee of the Company, comprising Mr Chua Keng Hiang, Mr Ng Ya Ken and Ms Tan Min-Li as at the Latest Practicable Date
- “Board”** : The board of Directors of the Company as at the Latest Practicable Date
- “Books Closure Date”** : The time and date to be determined by the Directors, at and on which the Register of Members and the Share Transfer Books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares pursuant to the Proposed Share Consolidation
- “Cash Consideration”** : Has the meaning ascribed thereto in Section 2.1.5 of this Circular
- “Catalist”** : The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules”** : The Listing Manual of the SGX-ST Section B: Rules of Catalist, as may be amended, modified or supplemented from time to time
- “Chief Executive Officer”** : The chief executive officer of the Company as at the Latest Practicable Date
- “Circular”** : This circular to Shareholders dated 4 November 2016
- “Code”** : The Singapore Code on Take-overs and Mergers
- “Companies Act”** : The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
- “Completion”** : The completion of the Proposed Acquisition in accordance with the terms and conditions set out in the Sale and Purchase Agreement
- “Completion Date”** : The date of Completion
- “Consideration”** : Has the meaning ascribed thereto in Section 2.1.5 of this Circular
- “Consideration Shares”** : Has the meaning ascribed thereto in Section 2.1.5 of this Circular
- “Consolidated Share”** : Shares after the completion of the Proposed Share Consolidation
- “Constitution”** : The constitution of the Company, as amended or modified from time to time

DEFINITIONS

“Construction and Engineering Business”	: The business of providing civil engineering, construction and related services
“Controlling Shareholder”	: A person who (a) holds directly or indirectly 15.0% or more of all voting shares in a company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over a company
“Director”	: A director of the Company as at the Latest Practicable Date
“Effective Trading Date”	: Has the meaning ascribed thereto in <u>Section 3.3</u> of this Circular
“EGM”	: The extraordinary general meeting of the Company to be convened and held on 21 November 2016 at 10.30 a.m. at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404, notice of which is set out on pages N-1 to N-4 of this Circular
“Enlarged Share Capital”	: The enlarged share capital of the Company comprising 324,940,306 Shares (excluding treasury shares), assuming Completion
“EPS”	: Earnings per Share
“Existing Share Capital”	: The existing share capital of the Company comprising 449,441,053 Shares (excluding treasury shares) as at the Latest Practicable Date
“FY”	: A financial year ended or ending 31 December, as the case may be
“IFA Letter”	: The letter dated 4 November 2016 issued by the IFA to the Non-Interested Directors containing the advice of the IFA in respect of the Proposed Acquisition, as reproduced in <u>Appendix A</u> to this Circular
“Independent Shareholders”	: The Shareholders who are independent for the purposes of the Proposed Acquisition, namely the Shareholders other than the Vendors and their Associates
“Issue Price”	: S\$0.132 per Consideration Share
“Latest Practicable Date”	: 28 October 2016, being the latest practicable date prior to the printing of this Circular
“Long-Stop Date”	: 31 March 2017 or such other date as may be mutually agreed in writing by the Company and the Vendors
“Material Adverse Change”	: Material adverse change in the condition (financial or otherwise), results of operations, assets, prospects, liabilities or business of the Target
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“NAV”	: Net asset value

DEFINITIONS

“Non-Interested Directors”	: Directors who are deemed non-interested for the purposes of the Proposed Acquisition, being Mr Chia Yau Leong, Mr Chua Keng Hiang, Mr Ng Ya Ken and Ms Tan Min-Li
“Notice of EGM”	: The notice of the EGM which is set out on pages N-1 to N-4 of this Circular
“NTA”	: Net tangible assets
“Proforma NAV”	: Has the meaning ascribed thereto in <u>Section 2.1.1</u> of this Circular
“Proforma NTA”	: Has the meaning ascribed thereto in <u>Section 2.1.1</u> of this Circular
“Property Business”	: The business of property development, property investment and property management
“Proposed Acquisition”	: The proposed acquisition by the Company of the remaining 70% of the issued and paid-up share capital of the Target not held by the Company, in accordance with the terms and conditions set out in the Sale and Purchase Agreement
“Proposed Issue of Consideration Shares”	: The proposed allotment and issuance of 100,219,780 new Consolidated Shares by the Company to the Vendors (and/or their designated nominee(s)) at the Issue Price upon Completion in satisfaction of the balance amount of the Consideration of approximately S\$13.2 million
“Proposed Share Consolidation”	: The proposed consolidation of every two (2) Shares held by Shareholders as at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
“Proposed Share Consolidation Effective Date”	: Has the meaning ascribed thereto in <u>Section 3.5.4</u> of this Circular
“Proposed Transactions”	: The Proposed Acquisition, the Proposed Share Consolidation and the Proposed Issue of Consideration Shares
“Proxy Form”	: Has the meaning ascribed thereto in <u>Section 11</u> of this Circular
“Register of Members”	: Register of members of the Company
“Resolutions”	: The ordinary resolutions set out in the Notice of EGM
“Sale and Purchase Agreement”	: The conditional sale and purchase agreement dated 21 September 2016 between the Company and the Vendors in relation to the Proposed Acquisition
“Sale Shares”	: The 1,050,000 ordinary shares representing the remaining 70% of the issued and paid-up share capital of the Target not held by the Company
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent

DEFINITIONS

“SFA”	: Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
“SGXNET”	: The system maintained by the SGX-ST for announcements by listed companies
“Share”	: An ordinary share in the capital of the Company, and “Shares” shall be construed accordingly
“Shareholders”	: Registered holders of Shares, except where the registered holder is CDP, in which case the term “Shareholders” shall in relation to such Shares mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
“Substantial Shareholder”	: A person (including a corporation) who has an interest in not less than 5.0% of the issued shares of a company
“Takeover Code”	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Valuation Report”	: Has the meaning ascribed thereto in <u>Section 2.1.1</u> of this Circular
“VWAP”	: Volume weighted average price of the Shares

Currencies and Units of Measurements

“%”	: Per cent or percentage
“S\$” and “cents”	: Singapore dollars and cents, respectively
“US\$” and “US cents”	: United States dollars and United States cents, respectively

The terms “**acting in concert**” and “**concert parties**” shall have the meanings ascribed to them in the Code.

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

The terms “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Companies Act.

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

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

Any reference in this Circular to “**Rule**” or “**Chapter**” is a reference to the relevant rule or chapter in the Catalist Rules.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Code and the Catalist Rules or any modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the SFA, the Code and the Catalist Rules or any statutory modification thereof, as the case may be.

DEFINITIONS

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that Depositor.

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

Any discrepancies in tables included in this Circular between the listed amounts and the totals are due to rounding; accordingly, the figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular, which are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could” or similar words. However these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s or the Enlarged Group’s expected financial position, business strategy, plans and prospects are forward-looking statements and accordingly involve known and unknown risks, uncertainties and other factors that may cause the Group’s or the Enlarged Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties which may cause the Group’s or the Enlarged Group’s actual future results, performance or achievements to be materially different from those expected, expressed or implied by forward-looking statements in this Circular, undue reliance must not be placed on those statements. The Company does not represent or warrant that the Group’s or the Enlarged Group’s actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility, and undertakes no obligation to update or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s or the Enlarged Group’s expectations with respect to such statements after the Latest Practicable Date or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

OCEAN SKY INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198803225E)

Directors:

Ang Boon Cheow Edward (Executive Chairman and Chief Executive Officer)
Chia Yau Leong (Executive Director)
Chua Keng Hiang (Lead Independent Director)
Ng Ya Ken (Independent Director)
Tan Min-Li (Independent Director)

Registered Office:

17 Tuas View Close
Singapore 637484

4 November 2016

To: The Shareholders of Ocean Sky International Limited

Dear Sir or Madam

- (1) **THE PROPOSED ACQUISITION OF THE REMAINING 70% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ANG TONG SENG BROTHERS ENTERPRISES PTE LTD NOT HELD BY THE COMPANY WHICH CONSTITUTES A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES;**
 - (2) **THE PROPOSED CONSOLIDATION OF EVERY TWO (2) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE; AND**
 - (3) **THE PROPOSED ALLOTMENT AND ISSUE OF 100,219,780 NEW CONSOLIDATED SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.132.**
-

1. INTRODUCTION

1.1. Background

On 21 September 2016, the Company announced that it had entered into the Sale and Purchase Agreement dated 21 September 2016 with the Vendors in relation to the Proposed Acquisition, pursuant to which the Company will acquire from the Vendors an aggregate of 1,050,000 ordinary shares representing the remaining 70% of the issued and paid-up share capital of the Target not held by the Company, upon the terms and conditions of the Sale and Purchase Agreement.

The Vendors are Mr Ang Boon Cheow Edward and Mr Wong Siew Hui. Mr Ang Boon Cheow Edward is the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder of the Company. Mr Wong Siew Hui is a shareholder of the Company. Mr Wong Siew Hui is not a Substantial Shareholder of the Company and he is also not related to any of the Company's Directors, Chief Executive Officer or Controlling Shareholders.

In accordance with the Sale and Purchase Agreement, the consideration for the Proposed Acquisition of approximately S\$22.8 million shall be satisfied in full by:

- (a) the cash payment of S\$9.6 million to the Vendors; and
- (b) the balance amount of approximately S\$13.2 million shall be satisfied by the allotment and issuance of 100,219,780 new Consolidated Shares by the Company to the Vendors (and/or their designated nominee(s)) at the Issue Price upon Completion.

LETTER TO SHAREHOLDERS

The Proposed Acquisition constitutes:

- (a) a major transaction as defined under Rule 1014 of the Catalist Rules as the relative figure under Rule 1006(c) of the Catalist Rules exceeds 75.0% but is less than 100.0%; and
- (b) an interested person transaction as defined under Chapter 9 of the Catalist Rules as one of the Vendors, Mr Ang Boon Cheow Edward, is an “interested person” in relation to the Company for the purposes of Chapter 9 of the Catalist Rules, as the value of the Proposed Acquisition attributable to Mr Ang Boon Cheow Edward (being the amount at risk to the Company) exceeds 5.0% of the latest audited NTA of the Group pursuant to Rule 906 of the Catalist Rules.

Accordingly, the Company will be seeking the approval of the Independent Shareholders for the Proposed Acquisition at the EGM. Following the completion of the Proposed Acquisition, the Target will become a wholly-owned subsidiary of the Company.

The IFA has been appointed to advise the Non-Interested Directors on whether the Proposed Acquisition is carried out on normal commercial terms and whether it is prejudicial to the interests of the Company and its minority Shareholders. The IFA Letter is set out in Appendix A to this Circular.

1.2. Purpose of this Circular

The Board wishes to convene the EGM to seek Shareholders’ approval for the following proposals (“**Proposed Transactions**”):

- (i) the Proposed Acquisition;
- (ii) the Proposed Share Consolidation; and
- (iii) the Proposed Issue of Consideration Shares.

The purpose of this Circular is to provide Shareholders with all necessary information relating to the Proposed Transactions, and to seek Shareholders’ approval for the same at the EGM. Approval for each of the Proposed Transactions will be sought by way of ordinary resolutions at the EGM.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholder to whom this Circular is despatched to by the Company) or for any other purpose.

1.3. Conditionality of Resolutions

Shareholders should note that all Resolutions are inter-conditional on one another. This means that if any of these Resolutions is not approved, the other Resolutions will not be passed.

1.4. The Sponsor and the SGX-ST

The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements made or opinions expressed or reports contained in this Circular. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

LETTER TO SHAREHOLDERS

2. THE PROPOSED ACQUISITION

2.1. Information about the Proposed Acquisition

Subject to the terms and conditions of the Sale and Purchase Agreement, the Company has agreed to purchase, and the Vendors have agreed to sell, the Sale Shares, free from all encumbrances or third party interests and together with all rights, dividends and benefits of any nature attaching thereto as of and including the Completion Date, including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date, for an aggregate consideration of approximately S\$22.8 million.

2.1.1. Information on the Target

The Target is a private company limited by shares incorporated in Singapore on 3 June 1981. It has a total issued and paid-up share capital of S\$1,500,000 comprising 1,500,000 ordinary shares, of which presently 30% is owned by the Company and 70% is owned by the Vendors.

As at the Latest Practicable Date, the Target is a civil engineering and construction company that operates primarily in Singapore and provides engineering services such as earthwork, roadwork, drainage work, basement work and structural works involving demolition and underground infrastructure as well as other general building works. Registered with the BCA, the Target is currently classified under Grade C3 for General Building category and Grade C1 for Civil Engineering category.

Both the proforma¹ unaudited NAV and NTA (the “**Proforma NAV**” and “**Proforma NTA**”) of the Target as at 30 June 2016 were approximately S\$10.0 million. The audited net profit after tax of the Target for the financial year ended 31 December 2015 was approximately S\$3.6 million, and the unaudited net profit after tax of the Target for the six (6) months ended 30 June 2016 was approximately S\$2.5 million. As at 31 August 2016, the Target had order books totalling approximately S\$28.3 million. Majority of the projects relating to these orders are expected to be completed by end of 2017.

Independent Valuation Report

The Company commissioned Censere Singapore Pte Ltd (the “**Independent Valuer**”) to conduct an independent valuation of the 70% equity interest of the Target.

The Independent Valuer adopted the Market Value basis in assessing the value of the 70% equity interest in the Target. The Market Value basis is defined as the estimated amount for which an asset should exchange on the date of the valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

The Independent Valuer is of the opinion that as at 30 June 2016, the market value of the 70% equity interest in the Target² ranges from approximately S\$26.9 million to S\$37.6 million, with a midpoint value of S\$31.1 million.

The valuation report on the Target (the “**Valuation Report**”) is set out in Appendix B to this Circular. A copy of the Valuation Report will also be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Circular.

1 Assuming the declaration of a proposed dividend of approximately S\$5.8 million by the Target as allowed under the Sale and Purchase Agreement, of which approximately S\$1.7 million is attributable to the Company’s 30% existing interest in the Target.

2 Assuming the declaration of a proposed dividend of approximately S\$5.8 million by the Target as allowed under the Sale and Purchase Agreement.

LETTER TO SHAREHOLDERS

2.1.2. Summary Financial Information of the Target

The Financial Performance of the Target

A summary of the financial information of the Target based on the audited financial statements of the Target for the financial year ended 31 December (“FY”) 2013, FY2014 and FY2015, and the unaudited management accounts for the six months ended 30 June (“HY”) 2015 and HY2016 are set out below:

S\$’000	FY2013 ⁽¹⁾	FY2014 ⁽¹⁾	FY2015 ⁽¹⁾	HY2015 ⁽²⁾	HY2016 ⁽²⁾
Revenue	29,785	26,355	27,729	14,546	14,159
Gross profit	2,846	4,172	6,446	2,846	4,003
Profit before tax	1,733	2,925	4,449	1,387	2,912
Profit after tax	1,436	2,626	3,622	1,100	2,454

Notes:

(1) Audited by BDO LLP.

(2) Unaudited management accounts.

The Target generates revenue on a project-by-project basis, usually via tenders. The duration of its projects is typically up to a period of two years.

The Financial Position of the Target

S\$’000	Audited Statement of Financial Position as at 31 December 2015	Proforma ³ Statement of Financial Position as at 30 June 2016
Current assets	15,025	12,807
Current liabilities	(5,721)	(6,769)
Working capital	9,304	6,038
Non-current assets	8,264	8,022
Non-current liabilities	(4,213)	(4,060)
Shareholders’ equity / NAV	13,355	10,000
Less: Intangible assets	(34)	(34)
Net tangible asset (“NTA”)	13,321	9,966

The current assets of the Target comprised mainly trade receivables as well as cash and bank balances. As at 31 December 2015, the current assets of the Target comprised mainly cash and bank balances and fixed deposits of S\$10.9 million as well as trade and other receivables amounting to S\$4.1 million.

As at 30 June 2016, the proforma³ current assets of the Target comprised mainly cash and bank balances and fixed deposits of S\$3.4 million as well as trade and other receivables amounting to S\$9.4 million.

The current liabilities of the Target comprised mainly trade and other payables. As at 31 December 2015 and 30 June 2016, the Target had current liabilities of S\$5.7 million and S\$6.8 million respectively, the bulk of which were trade and other payables which amounted to S\$3.7 million and S\$4.5 million as at 31 December 2015 and 30 June 2016 respectively.

³ Assuming the declaration of a proposed dividend of approximately S\$5.8 million by the Target as allowed under the Sale and Purchase Agreement.

LETTER TO SHAREHOLDERS

The non-current assets of the Target comprised mainly its leasehold property in Tuas, Singapore, as well as plant and machineries. The non-current liabilities of the Target comprised mainly the mortgage loan for the acquisition of the leasehold property in Tuas and hire purchases on plant and machineries. As at 31 December 2015 and 30 June 2016, the Target had total borrowings (current and non-current) of S\$4.4 million and S\$4.3 million respectively.

As at 31 December 2015 and 30 June 2016, the Target had NAV of S\$13.4 million and proforma NAV of S\$10.0 million respectively.

As at 31 December 2015 and 30 June 2016, a majority of the Target's respective NAV consists of tangible assets. The only intangible asset relates to a club membership which has a book value of approximately S\$34,000 as at 31 December 2015 and 30 June 2016 respectively.

2.1.3. Information on the Vendors

The information presented herein and in other sections of this Circular relating to information on the Vendors is based on information provided by the Vendors.

As at the Latest Practicable Date, the Vendors are the legal and beneficial owners of 70% of the issued and paid-up share capital of the Target. The Vendors are also directors of the Target.

Mr Ang Boon Cheow Edward is the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder of the Company.

Mr Wong Siew Hui is a shareholder of the Company. Mr Wong Siew Hui is not a Substantial Shareholder of the Company and he is also not related to any of the Company's Directors, Chief Executive Officer or Controlling Shareholders.

2.1.4. Rationale for the Proposed Acquisition

Following the disposal of the Group's designing, manufacturing, sales and marketing of apparel business in 2013, the Group's core business has been (a) the Property Business involving the leasing out of land in Cambodia to generate rental income and (b) the Construction and Engineering Business through its associated company, the Target.

After taking into consideration, *inter alia*, the Target's historical financial performance, the Company is of the view that the Target has a profitable business with strong operating track record that can contribute further to the Group's revenue and profits.

The Proposed Acquisition is in line with the Company's strategy of expanding its core civil engineering and construction business, and the Company is of the view that the Proposed Acquisition will improve the business fundamentals of the Group. The Company believes that the Proposed Acquisition will improve its prospects for long-term growth and enhance the Company's value proposition to its Shareholders and stakeholders.

2.1.5. Principal terms of the Proposed Acquisition

(A) Sale Shares

The Sale Shares will be acquired by the Company free from all encumbrances or third party interests and together with all rights, dividends and benefits of any nature attaching thereto as of and including the Completion Date, including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date.

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(B) Consideration

In accordance with the Sale and Purchase Agreement, the consideration for the Sales Shares is approximately S\$22.8 million (the “**Consideration**”) which shall be satisfied in full by:

- (a) the cash payment of S\$9.6 million (the “**Cash Consideration**”), to the Vendors; and
- (b) the balance amount of approximately S\$13.2 million shall be satisfied by the allotment and issuance of 100,219,780 new Consolidated Shares (the “**Consideration Shares**”) by the Company to the Vendors (and/or their designated nominee(s)) at the Issue Price upon Completion (the “**Proposed Issue of Consideration Shares**”).

The Company intends to seek the specific approval of Shareholders for the Proposed Issue of Consideration Shares at the EGM in accordance with Rule 804, Rule 805(1) and Rule 812(2) of the Catalist Rules and Section 161 of the Companies Act. Pursuant to Rule 804 and Rule 812(2) of the Catalist Rules, Mr Ang Boon Cheow Edward and his Associates will abstain from voting on the Resolution for the Proposed Issue of Consideration Shares.

The Cash Consideration shall be payable to the Vendors on the Completion Date by way of electronic fund transfer to such bank account(s) as designated by the Vendors and notified to the Company in writing no later than five (5) business days before the Completion Date or by such other methods of payment as the Company and the Vendors may agree in writing. The Company intends to use internal sources of fund to finance the Cash Consideration.

The Consideration Shares, when allotted and issued, shall be credited as fully-paid Consolidated Shares free from any and all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the Consolidated Shares in issue as at the Completion Date, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

The Issue Price represents a discount of 4.3% to the VWAP (as adjusted for the Proposed Share Consolidation) of S\$0.138 for each Consolidated Share for trades done on the SGX-ST on 20 September 2016, being the market day preceding the day on which the Sale and Purchase Agreement was signed.

The Consideration was arrived at on a willing-seller, willing-buyer basis between the Company and the Vendors after taking into consideration, *inter alia*, the following

- (a) the independent valuation of the 70% equity interest of the Target by the Independent Valuer;
- (b) the Proforma NAV and NTA of the Target as at 30 June 2016;
- (c) the operating track record of the Target; and
- (d) the rationale for the Proposed Acquisition as set out in Section 2.1.4 above.

The Consideration Shares represent approximately 44.6% of the Existing Share Capital.

The Consideration Shares represent approximately 30.8% of the Enlarged Share Capital of the Company immediately upon Completion.

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(C) Conditions Precedent

Completion is conditional upon the following conditions (the “**Conditions Precedent**”) having been fulfilled or waived in accordance with the terms of the Sale and Purchase Agreement on or before the Completion Date:

- (a) the completion of the due diligence exercise to be carried out by the Company and its appointed advisers on the Target and the results of such due diligence being satisfactory in the reasonable opinion of the Company;
- (b) the Proposed Share Consolidation being effective;
- (c) the approval of the Independent Shareholders being obtained at an extraordinary general meeting of Shareholders for the Proposed Acquisition and the Proposed Issue of Consideration Shares;
- (d) the Proposed Issue of Consideration Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore or in any other jurisdiction;
- (e) the Company being satisfied in its sole and absolute discretion that there has been no Material Adverse Change or events, acts or omissions reasonably likely to lead to a Material Adverse Change from the date of the Sale and Purchase Agreement up to and including the Completion Date;
- (f) there being no material adverse change, or events, acts or omissions reasonably likely to lead to a material adverse change in relation to the Company;
- (g) the Vendors having performed all of the covenants and undertakings required to be performed by them under the Sale and Purchase Agreement on or before the Completion Date;
- (h) each of the representations, warranties and undertakings given by the Company remaining true and correct at all times from the date of the Sale and Purchase Agreement until (and including) the Completion Date;
- (i) save as disclosed in the disclosure letter from the Vendors to the Company and the Due Diligence Information (as defined in the Sale and Purchase Agreement), the representations, warranties and undertakings given by the Vendors remaining true and correct in all material respects at all times from signing of the Sale and Purchase Agreement until (and including) the Completion Date;
- (j) the receipt by the Company of such waivers or consents as may be necessary to enable the Company and/or its nominee(s) to be registered as holder of any and all of the Sale Shares;
- (k) all necessary approvals, consents and waivers of the SGX-ST and/or the Company’s Sponsor required to complete the Sale and Purchase Agreement and all transactions contemplated under the Sale and Purchase Agreement, including (i) approval for the circulars to be issued by the Company, in relation to the Proposed Acquisition, and (ii) the receipt of the listing and quotation notice in respect of the listing and quotation of the Consideration Shares on the Catalist being obtained and not having been revoked or repealed on or before Completion. If such approvals, consents or waivers are obtained subject to any conditions, such conditions being reasonably acceptable to the Company, and if such conditions are required to be fulfilled on or before Completion, such conditions being fulfilled on or before Completion;

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- (l) all necessary approvals, waivers and consents (if any) being granted by the relevant parties under any financing or security agreements or arrangements entered into by the Target and not having been revoked or repealed on or before Completion. If such approvals, consents or waivers are granted subject to any conditions, such conditions being reasonably acceptable to the Company, and if such conditions are required to be fulfilled on or before Completion, such conditions being fulfilled on or before Completion;
- (m) all other necessary approvals, consents and waivers being granted for all transactions contemplated under the Sale and Purchase Agreement by third parties, including without limitation, government bodies, stock exchanges and other relevant authorities having jurisdiction over the transactions contemplated under the Sale and Purchase Agreement, and not having been revoked or repealed on or before Completion. If such approvals, consents or waivers are obtained subject to any conditions, such conditions being reasonably acceptable to the Company, and if such conditions are required to be fulfilled on or before Completion, such conditions being fulfilled on or before Completion; and
- (n) the Sale and Purchase Agreement and all transactions contemplated under the Sale and Purchase Agreement not being prohibited or restricted by the law of Singapore (including all common law, statute or subordinate legislation, regulation, rule, judgment or recommendation of any government, quasi-government, statutory, administration or regulatory body, court, agency or association applicable to or affecting any person, its business, employees or assets in any jurisdiction).

(D) Completion

Subject to the satisfaction or waiver, in accordance with the Sale and Purchase Agreement, of the Conditions Precedent, completion of the Proposed Acquisition (“**Completion**”) shall take place not later than 30 business days after all the Conditions Precedent are fulfilled or waived (the “**Completion Date**”) but in any event no later than 31 March 2017 or such other date as agreed in writing between the parties (the “**Long-Stop Date**”), at 300 Tampines Avenue 5, #09-05 Income @ Tampines Junction, Singapore 529653 (or at such other place as the parties may agree in writing).

Each of the Company and the Vendors, jointly and severally, undertakes to procure the fulfilment of the Conditions Precedent by 31 December 2016 but in any event no later than the Long-Stop Date. Unless specifically waived by the relevant parties in accordance with the Sale and Purchase Agreement, if any of the conditions precedents under the Sale and Purchase Agreement are not fulfilled by the Long-Stop Date, then the provisions of the Sale and Purchase Agreement (other than those excepted thereunder) shall from the Long-Stop Date *ipso facto* cease and determine and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save in respect of any antecedent breach of the Sale and Purchase Agreement.

(E) Moratorium

Mr Ang Boon Cheow Edward has under the Sale and Purchase Agreement undertaken to subject his 93,061,224 Consideration Shares under a moratorium, for a period of six (6) months from the date of Completion, on the sale, transfer, assignment and/or disposal of any of his Consideration Shares and provide a written undertaking to the Company and the Company’s Sponsor for such moratorium, provided that he shall be entitled to sell any of his Consideration Shares in the event of any of the following events occurring:

- (a) a general offer for all the shares of the Company under Rule 14 of the Takeover Code;
- (b) a reverse takeover under Rule 1015 of the Catalist Rules; or
- (c) any change in control of the Company.

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(F) Undertaking

Mr Wong Siew Hui has under the Sale and Purchase Agreement undertaken to continue in his present employment with the Target and to remain as a director of the Target for at least one (1) year from the Completion Date.

2.2. Financial Effects of the Proposed Acquisition

The proforma financial effects of the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Group and the audited financial statements of the Target for the financial year ended 31 December 2015 as well as the Proforma NTA of the Target as at 30 June 2016, under the following assumptions:

- (a) that the Proposed Acquisition had been completed on 1 January 2015 for the purposes of illustrating the financial effects on EPS;
- (b) that the Proposed Acquisition had been completed on 31 December 2015 for the purposes of illustrating the financial effects on share capital and NTA;
- (c) that the Proposed Share Consolidation has been completed on 31 December 2015;
- (d) all expenses in connection with the Proposed Acquisition have been disregarded; and
- (e) assuming an exchange rate of US\$1 : S\$1.36.

The proforma financial effects of the Proposed Acquisition are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following Completion.

2.2.1. Share Capital

	Before the Proposed Acquisition and the Proposed Share Consolidation	After the Proposed Share Consolidation but before the Proposed Acquisition	After the Proposed Acquisition and the Proposed Share Consolidation
Issued and paid-up share capital (US\$'000)	29,344	29,344	39,071
Number of Shares	449,441,053	224,720,526	324,940,306

2.2.2. NTA

	Before the Proposed Acquisition and the Proposed Share Consolidation	After the Proposed Share Consolidation but before the Proposed Acquisition	After the Proposed Acquisition and the Proposed Share Consolidation
NTA attributable to owners of the Company (US\$'000)	29,777	29,777	27,865
Number of Shares	449,441,053	224,720,526	324,940,306
NTA per Share (US cents)	6.63	13.25	8.58

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2.2.3. EPS

	Before the Proposed Acquisition and the Proposed Share Consolidation	After the Proposed Share Consolidation but before the Proposed Acquisition	After the Proposed Acquisition and the Proposed Share Consolidation
Net (loss) / profit attributable to owners of the Company (US\$'000)	(1,768)	(1,768)	96
Number of Shares	449,441,053	224,720,526	324,940,306
(Loss) / Earnings per Share (US cents)	(0.39)	(0.79)	0.03

2.2.4. Gearing

	Before the Proposed Acquisition and the Proposed Share Consolidation	After the Proposed Share Consolidation but before the Proposed Acquisition	After the Proposed Acquisition and the Proposed Share Consolidation
Net Debt / (Cash) (US\$'000)	(18,895)	(18,895)	(12,421) ⁽²⁾
Total equity (US\$'000)	30,488	30,488	40,215
Gearing ratio ⁽¹⁾	Not meaningful as the Enlarged Group is in net cash position	Not meaningful as the Enlarged Group is in net cash position	Not meaningful as the Enlarged Group is in net cash position

Notes:

- (1) Gearing is determined based on net debt divided by total equity. Net debt is calculated as borrowing less cash and cash equivalents.
- (2) Assuming the declaration of a proposed dividend of approximately S\$5.8 million by the Target as allowed under the Sale and Purchase Agreement, of which approximately S\$1.7 million is attributable to the Company's 30% existing interest in the Target.

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2.3. The Proposed Acquisition as a Major Transaction

Based on the unaudited financial statements of the Target and the Group for the six (6) months ended 30 June 2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profit ⁽²⁾ of approximately S\$2.0 million attributable to the 70% interest to be acquired in the Target, compared with the Group's net profit of approximately S\$0.1 million, assuming an exchange rate of US\$1 : \$1.36	1,684.2%
(c)	The aggregate value of the Consideration ⁽³⁾ of approximately S\$28.1 million compared with the Company's market capitalisation of approximately S\$31.1 million as at 20 September 2016, being the last Market Day the Shares were traded on Catalist immediately preceding the date of the Sale and Purchase Agreement ⁽⁴⁾	90.5%
(d)	The number of Consideration Shares ⁽⁵⁾ issued by the Company as consideration for the Proposed Acquisition, compared with the number of Shares previously in issue	44.6%
(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 ⁽⁶⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Under Rule 1003(3) of the Catalist Rules, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher. As such, for the purpose of Rule 1006(c) of the Catalist Rules, notwithstanding that the Consideration is approximately S\$22.8 million, the aggregate value of the consideration to be applied under Rule 1006(c) is approximately S\$28.1 million, being the aggregate of the (i) Cash Consideration and (ii) theoretical post-consolidation net asset value/share of the Group as at 30 June 2016 of US\$0.136/share or approximately S\$0.185/share, assuming an exchange rate of US\$1 : S\$1.36, multiplied by the number of Consideration Shares.
- (4) Based on the total of 449,441,053 Shares, and the volume-weighted average traded price of such Shares of S\$0.069 on 20 September 2016, being the last market day immediately preceding the date of the Sale and Purchase Agreement. (Source: Bloomberg).
- (5) Assuming that immediately after the Proposed Share Consolidation, the number of shares outstanding in the share capital of the Company is 224,720,526 Consolidated Shares.
- (6) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company. The Company is not a mineral, oil and gas company.

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The Proposed Acquisition would constitute a major transaction under Rule 1014 of the Catalyst Rules as the relative figure under Rule 1006(c) of the Catalyst Rules exceeds 75.0% but does not exceed 100.0%. Rule 1015 is not applicable to the Proposed Acquisition since it is an acquisition of profitable assets and only the relative figure under Rule 1006(b) of the Catalyst Rules exceeds 100.0%.

Accordingly, the Proposed Acquisition shall, pursuant to Rule 1014 of the Catalyst Rules, be conditional upon the approval of the Shareholders being obtained at the EGM.

2.4. Listing and Quotation Notice

On 13 October 2016, the Company received, through the Sponsor, the listing and quotation notice from the SGX-ST for the listing and quotation of the Consolidated Shares and the Consideration Shares on Catalyst subject to:

- (a) compliance with the SGX-ST's listing requirements; and
- (b) the approval of Shareholders being obtained for the Proposed Share Consolidation and the Proposed Acquisition at an extraordinary general meeting of the Company to be convened.

The listing and quotation notice issued by the SGX-ST for the listing and quotation of the Consolidated Shares and the Consideration Shares is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Proposed Acquisition, the Consolidated Shares, the Consideration Shares, the Company, its subsidiaries and their securities.

2.5. The Proposed Acquisition as an Interested Person Transaction

2.5.1. Requirements of Chapter 9 of the Catalyst Rules

Under Chapter 9 of the Catalyst Rules, where a listed company or any of its subsidiaries or associated companies which is an "entity at risk" (as defined below) proposes to enter into a transaction which is an "interested person transaction" (as defined below) with the listed company's "interested persons" (as defined below), Shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds set out in Chapter 9 of the Catalyst Rules.

Pursuant to Rule 906 of the Catalyst Rules, Shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the value of such transaction is equal to or exceeds 5.0% of the Group's latest audited NTA; or
- (b) the value of such transaction, when aggregated with the value of other transactions entered into with the same interested person during the same financial year, equals to or exceeds 5.0% of the Group's latest audited NTA (such aggregation need not include any transaction that has been approved by Shareholders previously or is the subject of aggregation with another transaction that has been previously approved by Shareholders).

Interested person transactions below S\$100,000 each are to be excluded.

2.5.2. Definitions under Chapter 9 of the Catalyst Rules

For the purposes of Chapter 9 of the Catalyst Rules:

- (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalyst Rules;
- (b) "**Control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;

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- (c) an “**entity at risk**” means:
- (i) the listed company;
 - (ii) a subsidiary company of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has Control over the associated company;
- (d) an “**interested person**” means:
- (i) a director, chief executive officer or Controlling Shareholder of the listed company; or
 - (ii) an Associate of such director, chief executive officer or Controlling Shareholder;
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (f) a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.5.3. Details of the interested persons

Under the Sale and Purchase Agreement, Mr Ang Boon Cheow Edward is an “interested person” for the purposes of Chapter 9 of the Catalist Rules as he is the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder of the Company.

Accordingly, the Proposed Acquisition would constitute an interested person transaction within the ambit of Chapter 9 of the Catalist Rules.

2.5.4. Materiality thresholds under Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, Shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding, 5.0% of the Group’s latest audited NTA.

The value of the Proposed Acquisition attributable to Mr Ang Boon Cheow Edward (being the amount at risk to the Company) is the total consideration payable to him of approximately S\$21.2 million or approximately US\$15.6 million, assuming an exchange rate of US\$1 : S\$1.36. The Group’s latest audited NTA attributable to owners of the Group as at 31 December 2015 is approximately US\$29.8 million. The value at risk of approximately S\$21.2 million or approximately US\$15.6 million is 52.3% of the Group’s latest audited NTA attributable to owners of the Group as at 31 December 2015 of approximately US\$29.8 million.

As the value of the Proposed Acquisition attributable to Mr Ang Boon Cheow Edward exceeds 5.0% of the Group’s latest audited NTA, the Proposed Acquisition is subject to the approval of the Independent Shareholders at the EGM and an independent financial adviser is required to be appointed to advise the Non-Interested Directors on whether the transaction is carried out on normal commercial terms and whether it is prejudicial to the interests of the Company and its minority Shareholders. In this regard, Xandar Capital Pte Ltd has been appointed as the IFA.

Please refer to Section 5 of this Circular and Appendix A to this Circular for the advice provided by the IFA.

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There were no interested person transactions, excluding transactions which are less than S\$100,000, involving the Group and any interested persons of the Group as defined under Chapter 9 of the Catalist Rules for the period from 1 January 2016 to the Latest Practicable Date.

2.6. Risk Factors relating to the Proposed Acquisition

The Board believes that the Proposed Acquisition and the expansion of the Group's business activities in the Construction and Engineering Business may change the risk profile of the Company.

Any of the risks described below could materially and adversely affect the Company's ability to comply with its obligations, including those under the Catalist Rules, and have a material adverse effect on the Group's business, financial condition, operations and prospects. In that event, the market price of the Shares could decline, and Shareholders may lose all or part of their investments in the Shares. The risks and uncertainties described below are not intended to be exhaustive and are not the only risks and uncertainties that the Group may face. The Group could be affected by a number of risks which relate to the industries and countries in which the Group intends to operate as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Additional risks and uncertainties not presently known to the Company or the Group or that the Company or the Group currently deems immaterial may also impair the Company's or the Group's business, financial condition, operations and prospects. The risks discussed below also include forward-looking statements and the Company's and the Group's actual results may differ substantially from those discussed in these forward-looking statements.

Subheadings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

(a) *The Construction and Engineering Business is dependent on the economies of the countries in which the Construction and Engineering Business operates*

The Construction and Engineering Business is dependent on the health of the engineering and construction industries in the countries in which the Construction and Engineering Business operates (the "**Relevant Countries**"), which in turn is dependent on the general health of the economies in such countries. A downturn in those economies or a dampening of the general sentiments of the property market may result in reduced demand for engineering and construction activities, which may have a material adverse effect on the Group's business, financial condition, operations and prospects. In addition, such downturn may dampen general sentiments in the property market and reduce demand for construction and engineering activities. This may erode the profit margins for any engineering and construction activities due to keen competition.

The engineering and construction industries in each of the Relevant Countries may also be adversely affected by political, economic, regulatory, social or diplomatic developments affecting the construction sectors generally. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting the Relevant Countries or any adverse developments in the supply, demand and prices of properties may have an adverse effect on the Construction and Engineering Business. The Construction and Engineering Business is also subject to the cyclical nature of the property and construction industries and as such, any downturn in the property and construction industries in the Relevant Countries may materially and adversely affect the Group's business, financial condition, operations and prospects.

(b) *The Group is affected by governmental measures to cool the property market in Singapore*

Historically, the Singapore government has sought to regulate or reduce property speculation through measures such as the adoption and enforcement of regulations and the imposition of credit controls, taxes and fees. In recent years, it has implemented a series of measures

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to cool the Singapore property market and maintain a stable and sustainable property market where prices move in line with economic fundamentals. For instance, the Singapore government has previously implemented property cooling measures and curbs such as the imposition of additional buyer's stamp duty, the increase in minimum cash down-payment, the stipulation of a maximum loan tenure and the lowering of loan-to-value limits.

Such measures and further legislation or policies to encourage financial prudence which may be introduced by the Singapore government to moderate the property market may affect the purchasing power of potential buyers of residential properties and may dampen the general sentiments of the residential property market, resulting in reduced demand for construction and engineering activities in Singapore. There is also no assurance that the Singapore government will not introduce further legislation or policies, or amend existing legislation or policies to regulate the growth of the Singapore property market. Such changes may have an adverse effect on the Group's business, financial condition, operations and prospects.

(c) *The Group may be subject to intense competition and the Group may not be able to maintain its competitiveness in the Construction and Engineering Business*

The construction and engineering industry is highly competitive. In order to secure tenders, the Group may have to compete aggressively in its bid price and in terms of service quality. If the Group needs to lower bid prices and yet faces high operating costs from providing additional services, this will adversely affect the Group's profit margins.

There is no assurance that the Group will be able to compete effectively with its existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt to market conditions, its business, financial condition, operations and prospects may be adversely affected.

(d) *The Group may be subject to risks associated with joint ventures and mergers and acquisitions*

The Group expects that it may, as a matter of business strategy, from time to time enter into construction and engineering projects through mergers and acquisitions and the formation of joint ventures. Any merger or acquisition undertaken, or joint venture entered into, by the Group for the Construction and Engineering Business may not be successful. Joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements. Political uncertainties or new government regulations such as restrictions on ownership can also result in a decline in the Group's investments in these joint ventures or mergers and acquisitions or a loss in the Group's ability to influence the management, directors and decisions made by such companies. There is no assurance that the Group will not, in the future, encounter such business risks which, if financially material, will have an adverse effect on its business, financial condition, operations and prospects. In addition, if disputes arise out of such mergers or acquisitions or with its joint venture partners, the relevant business objectives may not be achieved and may lead to an adverse effect on the business, financial condition, operations and prospects position of the Group.

(e) *The Group may be involved in legal and other proceedings arising from its operations from time to time*

The Group may be involved from time to time in disputes with various parties involved in the construction and engineering projects that the Group undertakes. These parties include contractors, sub-contractors, suppliers, construction companies and other partners. These disputes may lead to legal and other proceedings. The Group may also have disagreements with regulatory bodies in the Relevant Countries and these may subject the Group to administrative proceedings. In the event that unfavourable decrees are determined by the courts or the regulatory bodies, the Group may suffer not only financial losses but also a

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delay in the construction or completion of its projects. In addition, if the Group is the main contractor of residential developments such as condominium projects and commercial projects, the Group may be exposed to the risk of legal suits, by either the management corporation or its clients who in turn are being sued by the management corporation in respect of defective works in common areas and common property. In such an event, the Group may be liable for damages and incur legal costs, which will have an adverse effect on the Group's business, financial condition, operations and prospects.

(f) *The operations and profitability of the Construction and Engineering Business may be disrupted by acts of violence or wars and outbreaks of diseases*

Any acts of violence (such as terrorist attacks) or wars in the markets in which the Construction and Engineering Business operates may lead to uncertainty in the economic outlook of its markets and there is no assurance that such markets will not be affected, or that recovery from the global financial crisis would continue. All these could have a negative impact on the demand for the Group's Construction and Engineering Business, and the Group's business, financial condition, operations and prospects may be adversely affected.

Furthermore, an outbreak of infectious diseases such as the Zika virus epidemic in the countries in which the Group operates may adversely affect its business, financial condition, operations and prospects. If an outbreak of such infectious diseases occurs in any of the countries in which the Group operates or has operations in the future, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business, financial condition, operations and prospects. The staff and employees in these countries may also be affected by any outbreak of such infectious diseases and this may affect the Group's day-to-day operations.

(g) *The Construction and Engineering Business may be affected by political, economic and social conditions in the Relevant Countries*

In the course of developing the Construction and Engineering Business, the Group may expand into developing countries or emerging markets. Such countries or markets may have been affected by political upheavals, internal strife, civil commotions and epidemics. The recurrence of these political and social conditions in the Relevant Countries may affect the Group's ability to operate or do business in those countries. The Group may not have control over such conditions and there is no assurance that changes in such conditions will not have a material adverse effect on the Group's business, financial condition, operations and prospects.

(h) *The Group may rely on external financing*

The Group may rely on bank financing to part finance its operations. As such, the availability of adequate financing, including bank financing, may affect the Group's ability to complete its projects according to plan. The Group's ability to obtain debt financing or funds from the capital markets for its requirements depends on the prevailing economic conditions, its ongoing performance, the general condition of the property market and the acceptability of the financing terms offered. These facilities may have variable interest rates and accordingly, any increase in such interest rates may have an adverse effect on the Group's profitability and financial performance.

Additional debt financing may restrict the Group's freedom to operate its business as new debt covenants may (i) increase its vulnerability to general adverse economic and industry conditions, (ii) limit its ability to pay dividends or require us to seek consent for the payment of dividends, (iii) require the Group to dedicate a portion of its cash flow from operations to payments of its debts, which would consequently reduce the availability of the Group's cash flow to fund capital expenditures, working capital requirements and other general corporate purposes, and (iv) limit its flexibility in planning for, or reacting to, changes in the Group's business and industry.

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When planning for financing as well as project expenses and earnings for its projects, the Group needs to take into account various factors such as the timing of completion, the expected interest charges to be incurred for the entire duration of the project, the risk of recall of loans and the possibility that financial institutions may require that the Group provide additional security for its loans. Any variation in any of the factors mentioned above may lead to a corresponding change to the Group's estimated project expenses, including the cost of financing and earnings.

The Group cannot be assured that additional financing will be available when needed or that, if available, such financing may be obtained on terms and interest rates that are acceptable to it. There is also no guarantee that the terms for additional financing will be as favourable as those previously obtained. In the event that the Group is unable to obtain acceptable financing, it may not be able to undertake certain new projects and its business, financial condition, operations and prospects may be adversely affected.

(i) *The Group may require significant capital outlay for the Construction and Engineering Business and may experience negative operating cash flow from time to time*

Due to the nature of the construction business, a substantial amount of cash will typically be required for the initial stages of construction to purchase building materials and erection of structural frameworks.

To finance the significant capital outlay arising from the Construction and Engineering Business, the Group may have to rely on facilities from banks. As such, in the event that the Group is unable to obtain the required financing and does not have sufficient cash flow to fund projects and sustain business operations, the Group's business, financial condition, operations and prospects may be adversely affected.

(j) *The Group may be subject to revenue and profit volatility*

The Group may be vulnerable to revenue volatility which is characteristic of construction companies. The amount of revenue to be recognised in a financial year is dependent on the number, value and stage of completion of projects undertaken by the Group, which in turn depend on various factors, such as availability of the Group's resources, market sentiment, market competition and general economic conditions. Thus, there is no assurance that the Group will be able to continuously secure new projects of similar value and volume or that the number or value of projects undertaken in respect of the Construction and Engineering Business will not fluctuate.

Should there be any reasons that cause the Group to be unable to undertake or consistently secure such projects or should there be any delay in the progress of any of the projects in the Group's portfolio, the Group's business, financial condition, operations and prospects may be adversely affected.

(k) *The Group will be dependent on its suppliers*

The Group will be dependent on its suppliers for the supply of materials required in the course of the Construction and Engineering Business.

There is no assurance that the Group will be able to source these materials and services from its suppliers at prices that are favourable to the Group. In the event that the Group's suppliers terminate the supply of their materials to the Group, the Group may not be able to seek alternative sources in a timely manner and/or at reasonable prices. This may cause a delay in the Group's engineering and construction projects, thereby affecting the completion of such projects. In addition, the Group may face an increase in the cost of supply should it switch to new suppliers. Under such circumstances, the Group's profit margin for the project may be reduced or eroded and accordingly, its profitability and financial performance will be adversely affected.

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(l) *The Group's insurance coverage may not be adequate*

The Group faces the risk of loss or damage to its properties and machinery due to fire, theft and natural disasters, such as earthquakes and floods. Such events may cause disruption or cessation in its operations, thus adversely affecting its business, financial condition, operations and prospects.

Whilst the Group's insurance policies cover some losses in respect of loss or damage to its properties and machinery, the Group's insurance may not be sufficient to cover all of its potential losses in extraordinary events. In the event such loss exceeds the insurance coverage or is not covered by the insurance policies the Group has taken up, the Group may be liable to cover the shortfall of the amounts claimed and the Group's business, financial condition, operations and prospects may be adversely affected.

(m) *The Group may face claims*

In the course of the Construction and Engineering Business, the Group may provide warranty for up to a specified period for certain of its works for its construction and engineering projects. Rectification and repair works to be carried out by the Group that are covered under such warranty would not be chargeable to the customers. The Group may provide such warranties jointly with its suppliers and/or sub-contractors. In the event the Group's suppliers and/or sub-contractors are not able to perform their obligations under the warranty, the Group may be liable for the claims pursuant to the warranty.

As such, the Group's business, financial condition, operations and prospects may be adversely affected if there are excessive warranty claims for rectification and repair works or if it has to pay a significant amount of compensation for any claim or spend a significant amount of resources in legal costs in the event of legal proceedings. The Group's reputation may also be adversely affected as a result of such proceedings.

(n) *The Construction and Engineering Business will be dependent on the management team and skilled personnel and may be affected by a shortage of skilled construction labour*

The Group is dependent on the management team of the Construction and Engineering Business to manage the Construction and Engineering Business and ensure its success. Although Mr Wong Siew Hui has given an undertaking to continue in his present employment with the Target and to remain as a director of the Target for at least one year from the Completion Date, there is no assurance that the Group will be able to attract and/or retain other key members of the management team who have the necessary qualifications and experience to manage the Construction and Engineering Business. The loss of any key member of the management team without any suitable and/or timely replacement may have a material adverse effect on the business, financial condition, operations and prospects of the Group.

The Construction and Engineering Business is also highly dependent on skilled personnel. Having a team of experienced and skilled personnel is essential in maintaining the quality of services. For instance, the Construction and Engineering Business will be dependent on skilled construction labour, supervisors and managerial staff with construction industry experience. In a rising market, there may be an increasing shortage of such personnel and/or a general rise in their wages, which may have an adverse effect on the operations of the Construction and Engineering Business and eventually its financial performance.

(o) *The Group may be susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses.*

Depending on the development of the Construction and Engineering Business, the Group's revenue and costs of the Construction and Engineering Business could be denominated in different currencies. To the extent that the Group's revenue and costs are not naturally matched in the same currency, the Group may be exposed to any adverse foreign exchange

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fluctuation. The Group presently does not have any formal policy for hedging against foreign exchange exposure. The Group is also subject to translation risks as its consolidated financial statements are denominated in US\$ while the financial statements of the Target are prepared in its functional currency, being S\$. For the purposes of consolidation, the balance sheet of the Target is translated from S\$ based on the year end exchange rate for the relevant financial period or year. The statement of comprehensive income of the Target is translated using the average exchange rates for the relevant financial year or period. Any significant fluctuation of the US\$ against the S\$ may adversely affect the Group's financial performance and financial condition.

- (p) *The Group will have to renew, maintain and obtain statutory and regulatory permits and licenses as may be required to operate the Construction and Engineering Business and any delay or inability to obtain the same may have an adverse impact on the Construction and Engineering Business***

The Construction and Engineering Business requires several statutory and regulatory permits, consents and approvals to operate. These permits, consents and approvals may be granted for fixed periods of time after the expiry of which these need to be renewed from time to time. The Group cannot assure that it would apply for and obtain the relevant permits, consents and approvals required for its projects or otherwise within the statutory time limits, and there can be no assurance that the relevant authorities will issue any such permits, consents or approvals in time or at all. Failure by the Group to renew, maintain or obtain the required permits, consents or approvals, or cancellation, suspension or revocation of any of its permits, consents or approvals may result in the interruption of its operations and may have a material adverse effect on its business.

- (q) *The Group may not be able to meet the challenges presented by the Construction and Engineering Business***

The success and growth of the Construction and Engineering Business will depend on the ability of the Group to meet the challenges presented by such business. The Group may be subject to the risks, uncertainties and problems frequently encountered by companies involved in a new and/or expanded business, which include, *inter alia*, failure to continue to expand the Group's order book without increased pressure on the Group's margins, failure to identify, attract, retain and motivate staff, inability to find the right joint venture, strategic or other business partnerships, and inability to manage expanding operations.

In addition, there is no assurance that the Group's profitability will increase or that the Group will not incur losses after the expenditure in relation to the development of the Construction and Engineering Business due to the potential increase in costs incurred to finance the growth and expansion of the Construction and Engineering Business. The increase in costs without a corresponding increase in revenue may have an adverse impact of the Group's financial performance.

- (r) *The Group's earnings may be affected by fluctuations in construction material prices***

The construction materials used in the Construction and Engineering Business include concrete, sand, aggregates, cement, bricks, tiles, steel and aluminium. The prices of these construction materials may fluctuate due to changes in the supply and demand conditions. The Group may not have a long-term supply contract with any of its suppliers. Any sudden shortage of supply or reduction in the allocation of construction materials to the Group from its suppliers for any reason may adversely affect its business operations or result in the Group having to pay a higher cost for these construction materials.

Furthermore, a typical construction project generally spans more than one year. As a result, the Group's costs may increase beyond its initial projections and this may result in a reduction in the Group's previously estimated profit margins or the Group incurring a loss. In the event of any significant increase in the costs of such construction materials and the

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Group failing to find a cheaper source of supply or pass on such increases in raw material prices to its customers, its business, financial condition, operations and prospects may be adversely affected.

(s) *Any cost overruns and/or increases in costs may adversely affect the Group's financial performance*

The contract value quoted in the tender submission for engineering and construction projects respectively is determined based on internal costing and budgetary evaluations on costs such as labour costs and material costs, including the indicative pricing from the various suppliers and/or sub-contractors.

However, unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions or unanticipated engineering or construction constraints at the worksite may arise during the execution of projects. Additional work which is not previously factored into the contract value of the Group's engineering and construction projects may have to be carried out and this may result in higher project costs. It is also possible for incorrect estimations of costs to be made during the tender submission or for delays in the execution of projects to arise. These circumstances may lead to cost overruns which will erode the Group's profit margin for the project or may result in losses. This may have an adverse effect on the Group's overall financial performance and financial condition.

An affirmative quotation may be requested in the submission of a tender for the Group's engineering and construction projects. However, the indicative pricing which the Group obtains from its suppliers and/or sub-contractors for the purpose of determining the contract value is only valid over a certain period. As the award of the tender is known only much later and the duration of projects normally stretches more than one year, there is a possibility that the final pricing agreed with the Group's suppliers and sub-contractors may be less favourable than the indicative pricing factored into the Group's tender submission. As the Group's contracts may not allow for any adjustments to the contract value for fluctuations in cost, a substantial increase in the cost of materials or any other cost components vis-à-vis the estimates factored into the quotations may therefore erode the Group's profit margin for the project or may even result in losses. This may have an adverse effect on the Group's overall financial performance and financial condition.

(t) *The Group may be liable for delays in the completion of projects, and any liquidated damages arising from such delays*

Contracts between a developer and its main contractor or between a main contractor and its subcontractors may include provisions for the payment of pre-determined 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 adverse weather conditions, shortages of labour, equipment and construction materials, the occurrence of natural disasters, labour disputes, disputes with suppliers and subcontractors, industrial accidents, work stoppages arising from accidents, 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 due to factors within the Group's control, the Group could be liable to pay liquidated damages under the relevant contracts and incur additional overheads that may adversely affect the Group's earnings and erode its profit margin for the project. In such event, the Group's financial performance and financial condition may be adversely affected.

(u) *The Group may be subject to disputes with, and/or claims from, developers and/or main contractors*

It is not uncommon in the construction industry for disputes to arise between the developer and main contractor or between the main contractor and its sub-contractors for various reasons including differences in the interpretation of acceptable quality standards of

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workmanship and materials used, disagreements over the valuation of work-in-progress and general non-adherence to the contract specifications. Consequently, it is an industry practice for an agreed percentage of the contract sum to be withheld. The Group may therefore encounter difficulties in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the rectification or reconstruction of works under dispute to the extent that the Group's profit margin is eroded or losses are incurred for the project. Moreover, where the Group is in breach of any terms of the contract, its clients are entitled to claim for liquidated damages for delay in completion or other losses suffered by them by off-setting the same from the retention monies or enforcing the performance bond. If the performance bond is called upon, the Group will be required to indemnify the relevant insurance company or financial institution for such payment, as well as any damages arising from disputes. This may have an adverse effect on the Group's financial performance and financial condition.

Disputes may also arise between the developer and main contractor or between the main contractor and its sub-contractors from disagreements over the cost of variation orders requested by the former. This is because the variation orders are sometimes carried out before the additional charges are agreed upon in order that the project may be completed on schedule. However, as the cost of variation orders is not determined beforehand, their basis of valuation may become a source of dispute after the project has been completed. In the event that a dispute were to arise such that the Group is required to bear part of the variation cost, the Group's profit margin for the project may be eroded or it may result in losses. This may have an adverse effect on the Group's financial performance and financial condition. Disputes may also arise for various reasons such as defective works, disruption of works and disputes over contract specifications and the final amount payable for work done on a project.

It is not uncommon in the construction business for claims to be made against the Group from time to time arising from such disputes. In the event that any of such claims are successfully made against the Group, its financial performance and financial condition may be materially and adversely affected. Any legal proceedings relating to such claims may also have an adverse effect on the Group's market reputation.

(v) *The Group may be affected by accidents and/or violation of regulatory requirements at the Group's worksites*

Accidents or mishaps may occur at the worksites for the Group's projects even as the Group has put in place certain safety measures. As such, the Group may be subject to personal injury claims by workers who are involved in accidents at the Group's worksites during the course of their work from time to time.

Such accidents or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group could be liable to pay liquidated damages under contracts with its customers. In such an event, the Group's business, financial condition, operations and prospects may be materially and adversely affected. Further, such accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and any significant claims which are not covered by the Group's insurance policies may materially and adversely affect its financial performance and financial condition. In addition, any accidents or mishaps resulting in significant damage to the Group's premises, machinery or equipment may also have a significant adverse effect on the Group's business, financial condition, operations and prospects.

In addition, in the event that the Group's worksites contravene the requisite safety and health standards imposed by the regulatory authorities, the Group could be fined, or issued with partial or full stop work orders. In the event that the Group is issued such stop work orders, this may severely disrupt the Group's operations and lead to a delay in the completion of a

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project. These circumstances may not only generate negative publicity and adversely affect the Group's market reputation but may also have a material adverse impact on the Group's business, financial condition, operations and prospects.

(w) *The Group's business is dependent on the services of its contractors*

The Group may engage contractors to provide various services for its projects, including piling and foundation works, engineering, landscaping, installation of air-conditioning units and elevators, mechanical and electrical installation, utilities installation, interior decoration and any other specialist work. These contractors will be selected based on, amongst others, the Group's past working experience with them, their competitiveness in terms of their pricing and their past performance. There is no assurance that the services rendered by these contractors will be satisfactory or that they will meet the Group's requirements for quality. In the event of any loss or damage which arises from the default of the contractors engaged by the Group, the Group may nevertheless be liable for its contractors' default. Furthermore, these 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 or failing to complete the Group's projects, resulting in additional costs for the Group or exposing the Group to the risk of liquidated damages. Any of these factors could have a material adverse effect on the Group's business, financial condition, operations and prospects.

(x) *The Group may be adversely affected by changes in government legislation, regulations or policies which affect the construction sectors in the Relevant Countries*

The Construction and Engineering Business is subject to the governmental legislation, regulations or policies of the Relevant Countries relating to various matters including design and construction, mortgage financing, refinancing, employment requirements and restrictions, workplace health and safety and environment pollution control. There is no assurance that the government legislation, regulations or policies of the Relevant Countries will remain unchanged in the future. For instance, since 2009, the Singapore government has implemented measures to regulate the movement in local property prices.

Any changes in such government legislation, regulations or policies affecting the construction industry in the jurisdictions in which the Group operates could adversely affect the Group's business operations and/or have a negative effect on the demand for the Group's construction and engineering services. In addition, any failure to comply with such government legislations, regulations or policies could result in the imposition of fines or other penalties by the relevant authorities, all of which could adversely affect the Group's business, financial condition, operations and prospects.

(y) *The Group is exposed to credit risks of its customers*

The Group's financial performance and position are dependent, to a certain extent, on the creditworthiness of its customers. If there are any unforeseen circumstances affecting the customers' ability or willingness to pay the Group, the Group may experience payment delays or non-payment. In any of such events, the Group's financial performance and financial position may be affected adversely.

2.7. Directors' Service Contract

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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3. THE PROPOSED SHARE CONSOLIDATION

3.1. Details of the Proposed Share Consolidation

Under the Sale and Purchase Agreement, the Proposed Share Consolidation being effective is a Condition Precedent. Accordingly, the Company is seeking the approval of Shareholders at the EGM to undertake the Proposed Share Consolidation. Under the Proposed Share Consolidation, every two (2) existing Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Share arising from the Proposed Share Consolidation shall be disregarded. No payment will be made to Shareholders in respect of any resulting fractional interests in the Consolidated Shares which are disregarded.

For illustration only, if a Shareholder holds 2000 Shares as at the Books Closure Date, following the Proposed Share Consolidation and rounding down to the nearest whole Consolidated Share and disregarding any fractions of Consolidated Shares arising from the Proposed Share Consolidation, the Shareholder will be entitled to 1000 Consolidated Shares.

Each Consolidated Share shall rank *pari passu* in all respects with the existing Shares (save for dividends and other distributions declared, paid or made thereon prior to the Books Closure Date) and with one another, and will be traded in board lots of 100 Consolidated Shares.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company comprises 449,441,053 Shares. Without taking into account fractional entitlements, the Company expects that the issued and paid-up capital of the Company will comprise 224,720,526 Consolidated Shares immediately after the Proposed Share Consolidation. The Company will announce the number of Consolidated Shares which will be in issue following the Proposed Share Consolidation once it is determined.

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holding of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.

For the avoidance of doubt, the Proposed Share Consolidation will not:

- have an impact on the issued and paid-up share capital of the Company;
- diminish any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company;
- result in any return of capital to Shareholders;
- have an effect on the shareholders' funds of the Company and its subsidiaries;
- require any payment from Shareholders; and/or
- dilute the holdings of Shareholders, other than minor changes due to rounding.

The Books Closure Date for the Proposed Share Consolidation will be announced at a later date.

3.2. Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation is to be undertaken in connection with the Proposed Acquisition so as to ensure that after the completion of the Proposed Acquisition and the Proposed Issue of Consideration Shares to the Vendors, the share capital of the Company will be rationalised

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by reducing the number of Shares outstanding, thereby also resulting in a corresponding increase in the theoretical trading price per Consolidated Share. The Proposed Acquisition is conditional upon, *inter alia*, the completion of the Proposed Share Consolidation.

Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results described above or benefit all Shareholders, nor is there assurance that such results (if achieved) can be sustained in the longer term.

3.3. Conditions for the Proposed Share Consolidation

The Proposed Share Consolidation is subject to, among other things, the approval by the Shareholders at the EGM, and the approval from the SGX-ST for the listing and quotation of the Consolidated Shares on Catalist.

On 13 October 2016, the Company received, through the Sponsor, the listing and quotation notice from the SGX-ST for the listing and quotation of the Consolidated Shares and the Consideration Shares on Catalist subject to:

- (a) compliance with the SGX-ST's listing requirements; and
- (b) the approval of Shareholders being obtained for the Proposed Share Consolidation and the Proposed Acquisition at an extraordinary general meeting of the Company to be convened.

The listing and quotation notice issued by the SGX-ST for the listing and quotation of the Consolidated Shares and the Consideration Shares is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Proposed Acquisition, the Consolidated Shares, the Consideration Shares, the Company, its subsidiaries and their securities.

Subject to the Shareholders' approval at the EGM, the Directors will fix the Books Closure Date at such date and time as they deem fit in the interests of the Company and its Shareholders. Once the Directors have fixed the Books Closure Date, an announcement will be made by the Company to notify Shareholders of the Books Closure Date, the date when the Proposed Share Consolidation will become effective and the date on which the Shares will trade on Catalist in board lots of 100 Consolidated Shares (the "**Effective Trading Date**").

3.4. Updating of Register of Members and Depository Register

If Shareholders at the EGM approve the Proposed Share Consolidation, the number of Shares held by Shareholders subject to the Proposed Share Consolidation will be determined on the Books Closure Date, based on their shareholdings as at 5:00 p.m. on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders, and the Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

3.5. Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the registered office of the Company at 17 Tuas View Close, Singapore 637484 for the cancellation and issuance of New Share Certificates in replacement thereof as described below.

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3.5.1. Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the registered office of the Company at 17 Tuas View Close, Singapore 637484 as soon as possible after they have been notified of the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Company upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders are reminded that their physical share certificates are not valid for settlement of trading in the Shares on the Official List of the SGX-ST, as the Company is under a book-entry (scripless) settlement system, but will continue to be accepted by the Company for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on the Official List of the SGX-ST although they will continue to be *prima facie* evidence of legal title.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Company for cancellation. No receipt will be issued by the Company for cancellation.

Shareholders should notify the Company if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members.

Shareholders shall deliver their respective Old Share Certificates to the Company or CDP in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

3.5.2. Trading Arrangements for the Consolidated Shares

Subject to the approval for the Proposed Share Consolidation by Shareholders at the EGM, with effect from 9:00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, every two (2) existing Shares as at 5:00 p.m. on the Market Day before the Effective Trading Date will represent one (1) Consolidated Share with effect from 9:00 a.m. on the Effective Trading Date. Trading in the existing Shares will cease after 5:00 p.m. on the Market Day before the Effective Trading Date.

3.5.3. Trading Arrangements for Odd Lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Shares).

Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST should note that the unit share market has been set up to allow trading in odd lots with a minimum size of one (1) Consolidated Share on the SGX-ST. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares in the ready market. The market for trading odd lots of Consolidated Shares may be illiquid.

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3.5.4. Indicative Timeline

The table below sets out the indicative timeline for the Proposed Share Consolidation:

Expected Time and Date	Event
4 November 2016	Issue of Notice of EGM
10.30 a.m. on 21 November 2016	EGM
If Shareholders' approval is obtained at the EGM for the Proposed Share Consolidation	
21 November 2016	Issue of notice of Books Closure Date for the Proposed Share Consolidation
5.00 p.m. on 24 November 2016	Cessation of trading of the existing Shares
9.00 a.m. on 25 November 2016	Effective Trading Date (Commencement of trading of the Consolidated Shares)
5.00 p.m. on 29 November 2016	Books Closure Date for the Proposed Share Consolidation
9.00 a.m. on 30 November 2016	Proposed Share Consolidation Effective Date (Share Consolidation becomes effective)

Subject to the Proposed Share Consolidation being approved by the Shareholders at the EGM, the Company will issue a notice of Books Closure Date for the Proposed Share Consolidation. The Proposed Share Consolidation will become effective at 9.00 a.m. on the Market Day immediately following the Books Closure Date (the **"Proposed Share Consolidation Effective Date"**).

Notwithstanding that the Proposed Share Consolidation will become effective on the Proposed Share Consolidation Effective Date, the Shares will commence trading as Consolidated Shares earlier than the Proposed Share Consolidation Effective Date as trades on the SGX-ST are settled on a "T+3" settlement cycle, which means that a purchase or sale of Shares on day T will be settled three (3) Market Days later.

Accordingly, for trading purposes:

- (a) trading in the existing Shares will cease at 5.00 p.m. on the day falling four (4) Market Days before the Proposed Share Consolidation Effective Date; and
- (b) trading in the Consolidated Shares will commence from 9.00 a.m. on the day falling three (3) Market Days before the Proposed Share Consolidation Effective Date.

The timeline above is indicative and subject to change. Any change to the indicative timeline will be announced via SGXNET.

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4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1. Interests of the Directors and Substantial Shareholders in the Shares

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date, based on the Company's register of interest of Directors and register of Substantial Shareholders respectively, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors						
Ang Boon Cheow Edward ^{(2) (6)}	–	–	139,814,634	31.11	139,814,634	31.11
Chia Yau Leong	90,000	0.02	–	–	90,000	0.02
Chua Keng Hiang	–	–	–	–	–	–
Ng Ya Ken	–	–	–	–	–	–
Tan Min-Li	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Ang Boon Chong ^{(3) (6)}	–	–	63,694,089	14.17	63,694,089	14.17
Ang Sher Yin Celestine ^{(4) (6)}	–	–	44,944,000	10.00	44,944,000	10.00
ANA Asia Limited ⁽⁵⁾	–	–	133,229,634	29.64	133,229,634	29.64
Charisma Asia Limited ⁽⁵⁾	–	–	49,209,089	10.95	49,209,089	10.95

Notes:

- (1) Based on 449,441,053 Shares as at the Latest Practicable Date.
- (2) Mr Ang Boon Cheow Edward ("**Edward Ang**") is deemed interested in 139,814,634 Shares of which 6,585,000 Shares are owned by Mr Edward Ang and registered in the name of Raffles Nominees (Pte) Limited. The remaining Shares are held indirectly by ANA Asia Limited ("**ANA**") and Mr Edward Ang is, by virtue of his interest in ANA, deemed interested in the 133,229,634 Shares deemed to be held by ANA.
- (3) Mr Ang Boon Chong is deemed interested in 63,694,089 Shares of which 14,485,000 Shares are owned by Mr Ang Boon Chong and registered in the name of Raffles Nominees (Pte) Limited. The remaining Shares are held indirectly by Charisma Asia Limited ("**CAL**") and Mr Ang Boon Chong is, by virtue of his interest in CAL, deemed interested in 49,209,089 Shares deemed to be held by CAL.
- (4) Ms Ang Sher Yin Celestine ("**Celestine Ang**") is deemed interested in 44,944,000 Shares, all of which are owned by Celestine Ang and registered in the name of Raffles Nominees (Pte) Limited.
- (5) The Shares held by ANA and CAL are registered in the name of Raffles Nominees (Pte) Limited.
- (6) Mr Edward Ang is the brother of Mr Ang Boon Chong. Ms Celestine Ang is the daughter of Mr Ang Boon Chong.

4.2. Interests of the Directors and Controlling Shareholders in the Proposed Acquisition

Mr Ang Boon Cheow Edward is interested in the Proposed Acquisition as he is the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder of the Company.

Save for Mr Ang Boon Cheow Edward, none of the other Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition other than through their respective shareholding interests in the Company.

LETTER TO SHAREHOLDERS

5. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Chapter 9 of the Catalist Rules, Xandar Capital Pte Ltd has been appointed as the IFA to advise the Non-Interested Directors in respect of the Proposed Acquisition.

Having regard to the considerations set out in the IFA Letter and the information available as at the Latest Practicable Date, the IFA is of the opinion that, on balance, the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interest of the Company and its minority Shareholders.

A copy of the IFA Letter in respect of the Proposed Acquisition (as an interested person transaction) is set out in Appendix A to this Circular. Shareholders are advised to read the IFA Letter in its entirety carefully and consider it in the context of this Circular before deciding on whether to approve the Proposed Acquisition.

6. OPINION OF THE AUDIT COMMITTEE

The Audit Committee comprises Mr Chua Keng Hiang, Mr Ng Ya Ken and Ms Tan Min-Li. The Chairman of the Audit Committee is Mr Chua Keng Hiang. The members of the Audit Committee do not have any interests in the Proposed Acquisition and are deemed to be independent for the purposes of the Proposed Acquisition.

The Audit Committee, having reviewed, among other things, the terms, rationale for the Proposed Acquisition and after considering the advice of the IFA as set out at Appendix A to this Circular, concurs with the IFA and is of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

7. RECOMMENDATION BY THE NON-INTERESTED DIRECTORS

7.1. The Proposed Acquisition

Mr Ang Boon Cheow Edward, being an interested person under Chapter 9 of the Catalist Rules, will abstain from making any recommendation to the Independent Shareholders on the Proposed Acquisition in his capacity as Director.

Having considered, *inter alia*, the terms and conditions of the Sale and Purchase Agreement, the rationale for and financial effects of the Proposed Acquisition, the opinion of the IFA given in the IFA Letter in respect of the Proposed Acquisition, and all the other relevant information set out in this Circular, the Non-Interested Directors are of the opinion that the Proposed Acquisition is on normal commercial terms and in the interests of the Company. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of Resolution 1 for the Proposed Acquisition.

7.2. The Proposed Issue of Consideration Shares

Mr Ang Boon Cheow Edward, being an interested person under Chapter 9 of the Catalist Rules, will abstain from making any recommendation to the Independent Shareholders on the Proposed Issue of Consideration Shares in his capacity as Director.

Having considered, *inter alia*, the terms and conditions of the Sale and Purchase Agreement, the rationale for and the financial effects of the Proposed Acquisition and the Proposed Issue of Consideration Shares, and all the other relevant information set out in this Circular, the Non-Interested Directors are of the opinion that the Proposed Issue of Consideration Shares is in the interests of the Company. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of Resolution 3 for the Proposed Issue of Consideration Shares.

LETTER TO SHAREHOLDERS

8. RECOMMENDATION BY THE DIRECTORS

8.1. The Proposed Share Consolidation

Having considered, *inter alia*, the terms, the rationale for and the benefits of the Proposed Share Consolidation, the Directors are of the opinion that the Proposed Share Consolidation is in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 2 for the Proposed Share Consolidation.

9. ABSTENTION FROM VOTING

Pursuant to Rule 919 of the Catalist Rules, an interested person and any Associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their Associates. Such interested persons and their Associates shall not accept appointments as proxies in relation to such resolutions unless specific voting instructions have been given by the Shareholders.

Accordingly, Mr Ang Boon Cheow Edward will abstain, and has undertaken to ensure that his Associates will abstain, from voting on Resolution 1 for the Proposed Acquisition and Resolution 3 for the Proposed Issue of Consideration Shares, and will not accept appointments as proxies in relation to such resolutions unless specific voting instructions have been given by the Shareholders.

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 21 November 2016 at 10.30 a.m. at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404 for the purpose of considering and, if thought fit, passing with or without any modifications, the Resolutions set out in the Notice of EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf, may complete, sign and return the proxy form attached to the Notice of EGM (the “**Proxy Form**”) in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company at 17 Tuas View Close, Singapore 637484 not less than forty-eight (48) hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

Depositors who wish to attend and vote at the EGM, and whose names are shown in the Depository Register of CDP as at a time not less than seventy-two (72) hours before the time appointed for the EGM supplied by CDP to the Company, may attend as CDP’s proxies. Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can attend and vote at the EGM without the lodgement of any Proxy Form.

12. 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 Acquisition, the Proposed Share Consolidation, the Proposed Issue of Consideration Shares, 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.

LETTER TO SHAREHOLDERS

13. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Share Consolidation, the Proposed Issue of Consideration Shares, the Company and its subsidiaries and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

14. CONSENT FROM THE INDEPENDENT FINANCIAL ADVISER AND INDEPENDENT VALUER

Xandar Capital Pte Ltd, the Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter set out at Appendix A to this Circular and references to its name in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

Censere Singapore Pte Ltd, the Independent Valuer commissioned to conduct an independent valuation of the 70% equity interest of the Target, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Report set out in Appendix B to this Circular and references to its name in the form and context in which it appears in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 17 Tuas View Close, Singapore 637484 during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the Constitution of the Company;
- (b) the Sale and Purchase Agreement;
- (c) the IFA Letter;
- (d) the Valuation Report;
- (e) the audited financial statements of the Target for FY2015; and
- (f) the annual report of the Company for FY2015.

Yours faithfully

For and on behalf of the Board of
OCEAN SKY INTERNATIONAL LIMITED

Ang Boon Cheow Edward
Executive Chairman and Chief Executive Officer

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

4 November 2016

Ocean Sky International Limited

17 Tuas View Close

Singapore 637484

Attention: The Non-Interested Directors

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE NON-INTERESTED DIRECTORS OF OCEAN SKY INTERNATIONAL LIMITED IN RESPECT OF THE ACQUISITION OF 70% EQUITY INTEREST IN ANG TONG SENG BROTHERS ENTERPRISES PTE LTD AS AN INTERESTED PERSON TRANSACTION

For the purpose of this letter, capitalised terms not otherwise defined shall have the meanings given to them in the Company's circular to its shareholders dated 4 November 2016 (the "Circular").

1. INTRODUCTION

Ocean Sky International Limited (the "**Company**") holds 30% equity interest in Ang Tong Seng Brothers Enterprises Pte Ltd ("**ATS**"). The remaining 70% equity interest in ATS are held by Mr Ang Boon Cheow Edward (65%) and Mr Wong Siew Hui (5%). On 21 September 2016, the Company announced that it had entered into a conditional sale and purchase agreement dated 21 September 2016 (the "**SPA**") for the proposed acquisition of the remaining 70% equity interest in ATS from Mr Ang Boon Cheow Edward and Mr Wong Siew Hui (each a "**Vendor**" and collectively, the "**Vendors**") for a total purchase consideration of approximately S\$22.8 million (the "**Proposed Acquisition**"). ATS will become a wholly-owned subsidiary of the Company upon the completion of the Proposed Acquisition.

Mr Ang Boon Cheow Edward is a director and a controlling shareholder of the Company, and hence is an interested person under Chapter 9 of the Listing Manual (Section B: Rules of Catalyst) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). As set out in section 2.1.3 of the Circular, Mr Wong Siew Hui is also a shareholder of the Company. We understand that Mr Wong Siew Hui holds 1,870,000 ordinary shares ("**Shares**") representing a 0.42% equity interest in the Company as at the Latest Practicable Date.

Apart from the percentage difference of the Vendors' shareholdings in ATS, the terms of the Proposed Acquisition are the same for both Mr Ang Boon Cheow Edward and Mr Wong Siew Hui. Accordingly, the entire Proposed Acquisition shall be deemed as an interested person transaction under Chapter 9 of the Catalist Rules.

As the total purchase consideration for the Proposed Acquisition will exceed 5% of the Company's latest audited consolidated net tangible assets as at 31 December 2015, the Proposed Acquisition is an interested person transaction subject to the approval of the Company's independent shareholders pursuant to Chapter 9 of the Catalist Rules. Pursuant to Catalist Rule 921(4)(a), the Company has to obtain an opinion from an independent financial adviser ("**IFA**") stating whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interest of the Company and its minority shareholders.

Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed as the independent financial advisor to the directors of the Company who are deemed independent with respect to the Proposed Acquisition, namely Mr Chua Keng Hiang, Mr Chia Yau Leong, Mr Ng Ya Ken and Ms Tan Min-Li (collectively, the "**Non-Interested Directors**"), and to provide an opinion on whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

This letter sets out our evaluation of the terms of the Proposed Acquisition and our opinion in relation to the Proposed Acquisition (this “**IFA Letter**”) and forms part of the Circular.

2. TERMS OF REFERENCE

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decisions on the part of the Board to agree on the terms of the Proposed Acquisition. Our evaluation is limited to the financial terms of the Proposed Acquisition, and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Proposed Acquisition.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Acquisition, or the future performance or prospects of the Group whether with or without the Proposed Acquisition.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Acquisition, are solely the responsibility of the Board. Likewise, we are not expressing herein as to the prices at which the Shares may trade with or without the Proposed Acquisition. We are also not addressing the relative merits of the Proposed Acquisition, as compared to any alternative transaction previously considered by the Company or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Board.

In the course of our evaluation, we have examined information provided by the Company and its professional advisers, and other publicly available information collated by us. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that, after taking reasonable care and making reasonable enquiries, all material information relating to the Group and the Proposed Acquisition have been provided to us, and such information is fair and accurate in all material respects, and there is no information, the omission of which would cause this IFA Letter to be misleading in any material respect.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, real properties) of the Company, the Group and ATS, and we have not been furnished with any such evaluation or appraisal of such assets. However, the Company has appointed Censere Singapore Pte Ltd (the “**Independent Valuer**”) to conduct a valuation exercise on the 70% equity interest in ATS on a Market Value basis as at 30 June 2016 (the “**Valuation Report**”). A copy of the Valuation Report can be found as Appendix B to the Circular. We have placed sole reliance thereon for the valuation and/or information contained in the Valuation Report. We are not involved and assume no responsibility for the Valuation Report. We have not made any independent verification of the matters or bases set out in the Valuation Report. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein.

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. Shareholder who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors.

Our opinion is for the use and benefit of the Non-Interested Directors in their deliberation of the Proposed Acquisition, and the recommendations made by the Non-Interested Directors shall remain the sole responsibility of the Non-Interested Directors.

Our opinion, in relation to the Proposed Acquisition, should be considered in the context of the entirety of this IFA Letter and the Circular.

3. THE PROPOSED ACQUISITION

3.1 Rationale of the Proposed Acquisition

We note from section 2.1.4 of the Circular that:

- (a) After taking into consideration, *inter alia*, the historical financial performance of ATS, the Company is of the view that ATS has a profitable business with strong operating track record that can contribute further to the Group's revenue and profits; and
- (b) The Proposed Acquisition is in line with the Company's strategy of expanding its core civil engineering and construction business, and the Company is of the view that the Proposed Acquisition will improve the business fundamentals of the Group. The Company believes that the Proposed Acquisition will improve its prospects for long-term growth and enhance the Company's value proposition to its Shareholders and stakeholders.

3.2 About ATS

As at the date of this Circular, ATS is a civil engineering and construction company that operates primarily in Singapore and provides engineering services such as earthwork, roadwork, drainage work, basement work and structural works involving demolition and underground infrastructure as well as other general building works. Registered with the Building and Construction Authority of Singapore ("BCA"), ATS is currently classified under Grade C3 for General Building category and Grade C1 for Civil Engineering category.

(a) The Financial Performance of ATS

A summary of the financial information of ATS based on the audited financial statements of ATS for the financial year ended 31 December ("FY") 2013, FY2014 and FY2015, and the unaudited management accounts of ATS for the six months ended 30 June ("HY") 2015 and HY2016 are set out below:

S\$'000	FY2013 ⁽¹⁾	FY2014 ⁽¹⁾	FY2015 ⁽¹⁾	HY2015 ⁽²⁾	HY2016 ⁽²⁾
Revenue	29,785	26,355	27,729	14,546	14,159
Gross profit	2,846	4,172	6,446	2,846	4,003
Profit before tax	1,733	2,925	4,449	1,387	2,912
Profit after tax	1,436	2,626	3,622	1,100	2,454

Notes:

(1) Audited by BDO LLP.

(2) Unaudited management accounts.

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

ATS generates revenue on a project-by-project basis, usually via tenders. The duration of its projects is typically up to a period of two years.

(b) The Financial Position of ATS

S\$'000	As at 31 December 2015 (Audited)	As at 30 June 2016 (Unaudited)	As at 30 June 2016 (Proforma) ⁽¹⁾
Current assets	15,025	18,617	12,807 ⁽²⁾
Current liabilities	(5,721)	(6,769)	(6,769)
Working capital	9,304	11,848	6,038
Non-current assets	8,264	8,022	8,022
Non-current liabilities	(4,213)	(4,060)	(4,060)
Shareholders' equity / Net asset value ("NAV")	13,355	15,810	10,000
Less: Intangible assets	(34)	(34)	(34)
Net tangible asset ("NTA")	13,321	15,776	9,966

Notes:

- (1) Proforma financial effects to show the effects of the declaration and payment of dividends of approximately S\$5.8 million by ATS prior to the completion of the Proposed Acquisition ("**Proposed Dividend**").
- (2) Assuming that the Proposed Dividend will be declared and fully paid in cash by ATS prior to the completion of the Proposed Acquisition.

The current assets of ATS comprised mainly trade receivables as well as cash and bank balances (including fixed deposits). As at 31 December 2015, the current assets of ATS comprised mainly cash and bank balances (including fixed deposits) of S\$10.9 million as well as trade and other receivables amounting to S\$4.1 million. As at 30 June 2016, the current assets of ATS comprised mainly cash and bank balances (including fixed deposits) of S\$3.4 million (after the Proposed Dividend) as well as trade and other receivables amounting to S\$9.4 million. Collectively, these items accounted for more than 99% of the current assets of ATS as at 31 December 2015 and 30 June 2016 respectively.

The current liabilities of ATS comprised mainly trade and other payables. As at 31 December 2015 and 30 June 2016, ATS had current liabilities of S\$5.7 million and S\$6.8 million respectively, the bulk of which were trade and other payables which amounted to S\$3.7 million and S\$4.5 million as at 31 December 2015 and 30 June 2016 respectively.

The non-current assets of ATS comprised mainly its leasehold property in Tuas, Singapore, as well as plant and machineries. The non-current liabilities of ATS comprised mainly the mortgage loan for the acquisition of the leasehold property and hire purchases on plant and machineries. As at 31 December 2015 and 30 June 2016, ATS had total borrowings of S\$4.4 million and S\$4.3 million respectively.

As at 31 December 2015 and 30 June 2016, ATS had NAV of S\$13.4 million and proforma NAV of S\$10.0 million respectively.

As at 31 December 2015 and 30 June 2016, a majority of ATS's respective NAV consist of tangible assets. The only intangible asset relates to a club membership which had a book value of approximately S\$34,000 as at 31 December 2015 and 30 June 2016 respectively.

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

(c) Prospects of ATS

We understand that, as at 31 August 2016, ATS had order books totalling S\$28.3 million. Majority of the projects relating to these orders are expected to be completed by end of 2017.

3.3 About the Vendors

Mr Ang Boon Cheow Edward and Mr Wong Siew Hui are the directors of ATS.

Mr Ang Boon Cheow Edward is the Executive Chairman and Chief Executive Officer of the Company and a controlling shareholder of the Company.

Mr Wong Siew Hui is the chief executive officer of ATS. Mr Wong Siew Hui is not a substantial shareholder of the Company and he is also not related to any of the Company's directors or controlling shareholders.

3.4 The Purchase Consideration

The subject of the Proposed Acquisition is 1,050,000 ordinary shares (the "Sale Shares") representing 70% equity interest in the capital of ATS. The total purchase consideration for the Sale Shares is approximately S\$22.8 million (the "Purchase Consideration"), and shall be satisfied in part, by cash and in part, by the allotment and issue of new consolidated ordinary shares at the issue price of S\$0.132 (on a consolidated basis) ⁽¹⁾ in the capital of the Company to the Vendors ("Consideration Shares"). The details are set out below:

Vendors	Sale Shares	Purchase Consideration (in cash)	Purchase Consideration (in Consideration Shares) ⁽¹⁾	Total Purchase Consideration
Mr Ang Boon Cheow Edward	975,000	S\$8,914,286	S\$12,284,082 (93,061,224 Consideration Shares)	S\$21,198,367
Mr Wong Siew Hui	75,000	S\$685,714	S\$944,929 (7,158,556 Consideration Shares)	S\$1,630,643
Total	1,050,000	S\$9,600,000	S\$13,229,011 (100,219,780 Consideration Shares)	S\$22,829,010

Note:

(1) The Company will be undertaking a share consolidation exercise to consolidate every two (2) existing Shares into one (1) Share ("Consolidated Shares"), fractional entitlements to be disregarded ("Share Consolidation"). The issue price of S\$0.132 and the Consideration Shares are on a consolidated basis.

The Sale Shares shall be acquired free from all liens, charges, pledges, claims, equities (including option or right of pre-emption), encumbrances or third party interests and together with all rights, dividends and benefits of any nature attaching thereto as of and including the Completion Date, including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date.

We note that the Purchase Consideration was arrived at taking into account, (a) the independent valuation of the 70% equity interest of ATS by the Independent Valuer; (b) the proforma NAV and NTA of ATS as at 30 June 2016 after adjusting for the Proposed Dividend; (c) the operating track record of ATS; and (d) the rationale for the Proposed Acquisition.

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

3.5 The Consideration Shares and Issue Price

In aggregate, 100,219,780 Consideration Shares will be allotted and issued to the Vendors.

The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the existing Shares in the capital of the Company.

The 100,219,780 Consideration Shares represents 44.6% of the Company's share capital post Share Consolidation and 30.8% of the Company enlarged share capital after the completion of the Share Consolidation and the Proposed Acquisition.

The issue price of the Consideration Shares are as follows:

On a consolidated basis S\$0.132

On a pre-consolidated basis S\$0.066

The issue price of the Consideration Shares, on a pre-consolidated basis, represents a discount of S\$0.003 (or 4.3%) to the volume weighted average price of S\$0.069 for the Shares traded on the SGX-ST on 20 September 2016, the last traded day prior to the signing of the SPA.

3.6 Conditions Precedent to the Proposed Acquisition

The conditions precedent for the Proposed Acquisition are set out in section 2.1.5(C) of the Circular, and Shareholders are advised to read the information carefully.

If any of the conditions precedent are not fulfilled or waived by 31 March 2017 (the "**Long-Stop Date**"), the Proposed Acquisition will cease, unless the Long-Stop Date is extended by mutual agreement of the parties.

3.7 Total Value of Transactions with the Same Interested Person

Pursuant to Catalist Rules 906(1)(b) and 921, all other transactions (except for transaction(s) which has been approved by shareholders) entered into with the 'same interested person' (as such term is construed under Chapter 9 of the Catalist Rules) during the same financial year, shall be aggregated and be subject to Shareholders' approval.

The Company confirms that there is no transaction which is a subject of aggregation pursuant to Catalist Rule 906(1)(b).

4. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

- (a) the Valuation Report;
- (b) the rationale for the Proposed Acquisition;
- (c) financial performance of ATS;
- (d) the financial position of the ATS;
- (e) the valuation ratios of selected companies which are broadly comparable with ATS;

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

- (f) the issue price of the Consideration Shares;
- (g) the proforma financial effects of the Proposed Acquisition; and
- (h) other considerations.

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

4.1 The Valuation Report

The Company has commissioned the Independent Valuer to undertake a valuation exercise on the 70% equity interest in ATS. A copy of the Valuation Report can be found in Appendix B to the Circular.

We set out certain extracts in *italics* below from the Valuation Report with regards to the valuation approach employed by the Independent Valuer:

In arriving at the Market Value of ATS, we have considered three generally accepted approaches to value: cost approach, market approach and income approach. We have considered generally applicable valuation approaches, i.e market approach, income approach and net assets approach.

In our opinion, the income approach is the most appropriate method to value the Target. The use of the cost approach is not appropriate for the valuation of the equity interest as it does not directly incorporate information about the economic benefits contributed by the subjects' assets, business or business interests.

We have considered several market multiple methods under market approach; namely Enterprise Value / Earnings before Interest, Tax ("EV/EBIT"), Enterprise Value / Earnings before Interest, Tax, Depreciation and Amortisation ("EV/EBITDA") and Price-to-earnings Multiple ("P/E Multiple"). Our analysis based on market approach serves as a cross-check to our valuation results using income approach. We have relied solely on the income approach in assessing our value of a 70% of equity interest in ATS.

Based on the DCF method, the derived enterprise value of ATS ranged from S\$39.7 million to S\$83.9 million as at 30th June 2016. A 100% equity interest in ATS is then derived by taking enterprise value, applying a marketability discount of 30% and adding excess cash and cash equivalents. We are of the opinion that the Market Value of the 100% equity interest range from S\$38.4 million to S\$53.8 million, with a midpoint value of S\$46.1 million as at Valuation Date. Market Value of the 70% equity interest range from S\$26.9 million to S\$37.6 million, with a midpoint value of S\$31.1 million as at Valuation Date.

The Purchase Consideration of S\$22.8 million for 70% equity interest in ATS implies a consideration of S\$32.6 million for 100% of ATS.

Accordingly, the Purchase Consideration represents 0.85 times (or a discount of approximately 15.07%) to the lowest Market Value or 0.61 times (or a discount of approximately 39.38%) to the highest Market Value of ATS, and 0.73 times (or a discount of approximately 26.59%) to the midpoint Market Value of ATS, as assessed by the Independent Valuer.

The Directors are advised to read the Valuation Report, especially the valuation approach, key assumptions and risk factors, as set out in Appendix B to the Circular carefully.

APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER TO THE NON-INTERESTED DIRECTORS

4.2 The Rationale for the Proposed Acquisition

As set out in section 2.1.4 of the Circular, the Company is of the view that ATS has a profitable business with strong operating track record that can contribute further to the Group's revenue and profits.

We note that the Company completed the acquisition of 30% equity interest in ATS in November 2012. Since FY2014, ATS has been a key contributor to the Company and the Company would have reported higher losses for FY2014, FY2015, HY2015 and HY2016 after excluding the share of results of ATS as set out below:

US\$'000	FY2013	FY2014	FY2015	HY2015	HY2016
Profit/(Loss) after tax attributable to owners of the Company	11,315	(461)	(1,768)	(385)	24
Less: Share of results of ATS	(2) ⁽¹⁾	(622)	(687)	(139)	(534)
	11,313	(1,083)	(2,455)	(524)	(510)

Note:

- (1) Although ATS registered a profit after tax of S\$1,436,000 for FY2013, the share of results of ATS to the Company for FY2013 was only US\$2,000 as the Company recognised amortisation of intangibles of US\$0.34 million in relation to the acquisition of 30% equity interest in ATS in FY2013.

4.3 The Financial Performance of ATS

As set out in paragraph 3.2(a) of this IFA Letter, ATS had been generating relatively stable annual revenue of more than S\$26 million in its last three completed financial years ended 31 December. We calculate the historical profit margins of ATS as follows:

	FY2013	FY2014	FY2015	HY2015	HY2016
Gross profit margin	9.56%	15.83%	23.25%	19.57%	28.27%
Profit before tax margin	5.82%	11.10%	16.05%	9.53%	20.57%
Profit after tax margin	4.82%	9.96%	13.06%	7.56%	17.33%

As set out above, the profit margins of ATS have been improving in its last three completed financial years and the six months ended 30 June 2016.

Based on ATS's profit after tax of S\$3.6 million for FY2015, the Purchase Consideration represents a price-earnings ratio of 9.00 times.

Based on ATS's profit after tax of S\$5.0 million for the last twelve months ended 30 June 2016, the Purchase Consideration represents a price-earnings ratio of 6.55 times.

Further, as mentioned in section 2.1.1 of the Circular and paragraph 3.2(c) of this IFA Letter, ATS had order books totalling S\$28.3 million as at 31 August 2016, and majority of the projects relating to these orders are expected to be completed by end of 2017.

4.4 The Financial Position of ATS

As set out in paragraph 3.2(b) of this IFA Letter, ATS has a strong balance sheet with positive working capital position and net asset value of more than S\$10 million as at 31 December 2015 and 30 June 2016. Save for the proforma adjustment relating to the Proposed Dividend, the ATS is of the view that there is no need to make any additional provisions or allowances to the assets or provide for additional liabilities of ATS as at 30 June 2016.

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As at 31 December 2015 and 30 June 2016, ATS had current ratio of 2.63 times and 2.75 times respectively. After the proforma adjustment for the Proposed Dividend, ATS would still have a healthy current ratio of 1.89 times as at 30 June 2016.

As at 31 December 2015 and 30 June 2016, ATS had gearing ratio of 0.33 times and 0.27 times respectively. After the proforma adjustment for the Proposed Dividend which will reduce the NAV of ATS as at 30 June 2016 to S\$10.0 million, ATS would still have healthy gearing ratio of 0.43 times as at 30 June 2016.

After taking into account the Proposed Dividend, the Purchase Consideration represents a price-to-NAV (“**P/NAV**”) ratio of 4.32 times to the adjusted NAV of S\$7.5 million as at 31 December 2015 and 3.26 times to the adjusted NAV of S\$10.0 million as at 30 June 2016.

After taking into account the Proposed Dividend, the Purchase Consideration represents a price-to-NTA (“**P/NTA**”) ratio of 4.34 times to the adjusted NTA of S\$7.5 million as at 31 December 2015 and 3.27 times to the adjusted NTA of S\$10.0 million as at 30 June 2016.

4.5 Comparison of Valuation Ratios of Selected Listed Companies which are broadly comparable with ATS

ATS is a civil engineering and construction company which operates primarily in Singapore. Comparison is hence made to listed companies which are principally involved in the provision of civil engineering and construction services (“**Comparable Companies**”).

We recognised, however, that the list of our Comparable Companies is not exhaustive and the identified Comparable Companies are not directly comparable to ATS in terms of asset composition, business activities, operational scale, risk profile, track record, future prospects and other relevant criteria. In view of the above, it should be noted that any comparison made with respect to the Comparable Companies merely serves as an illustration.

A brief description of the Comparable Companies is set out below:

Comparable Companies	Brief Business Description	Market Capitalisation as at the Latest Practicable Date ⁽¹⁾ (S\$ million)
BBR Holdings Limited (“ BBR ”) Listed on the SGX-ST	BBR is an investment holding company engaged in general construction, specialised engineering, and property development businesses.	60.06
Chuan Holdings Limited (“ Chuan ”) Listed on the Hong Kong Exchange (“ HKEx ”)	Chuan carries on the business of provision of earthworks to the construction industry in Singapore.	82.87 (based on HK\$461.69 million at the closing exchange rate of S\$1 to HK\$5.5714 on the Latest Practicable Date)
Koon Holdings Limited (“ Koon ”) Listed on the SGX-ST	Koon is a civil engineering and construction company with operations in Singapore.	26.31

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Comparable Companies	Brief Business Description	Market Capitalisation as at the Latest Practicable Date ⁽¹⁾ (S\$ million)
OKP Holdings Limited ("OKP") Listed on the SGX-ST	OKP is a road builder and construction company which, with its subsidiaries, construct urban and arterial roads, expressways, vehicular bridges and flyovers. The group also performs reconstruction work on roads, road reserves, pavements, footpaths and kerb, guardrails, railings, drains, signboards as well as bus bays and shelters.	91.00
Ryobi Kiso Holdings Ltd. ("Ryobi") Listed on the SGX-ST	Ryobi and its subsidiaries provides ground engineering solutions.	60.81
Tiong Seng Holdings Ltd ("Tiong Seng") Listed on the SGX-ST	Tiong Seng's activities include building construction and civil engineering in Singapore.	111.60
Yongnam Holdings Limited ("Yongnam") Listed on the SGX-ST	Yongnam and its subsidiaries are a multi-disciplinary engineering and construction group focusing on three core business activities: structural steelwork, specialist civil engineering and mechanical engineering.	94.55

Source: Bloomberg Finance L.P., annual reports, announcements and websites of respective companies.

Note:

- (1) Market capitalisation of the Comparable Companies are calculated based on their respective closing prices as at the Latest Practicable Date.

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For the comparison with the Comparable Companies, we have referred to various valuation ratios to provide an indication of the market expectations with regard to the valuation of these companies. In this respect, we have considered the following widely used ratios:

Valuation Ratio General Description

EV/EBITDA “EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.

The “EV/EBITDA” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

P/E The P/E ratio illustrates the ratio of the market price of a company’s share relative to its historical consolidated earnings per share. The P/E ratio is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.

P/NAV P/NAV ratio illustrates the ratio of the market price of a company’s share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

P/NTA P/NTA ratio illustrates the ratio of the market price of a company’s share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies.

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We set out in the table below the financial ratios of the Comparable Companies as at the Latest Practicable Date:

Comparable Companies	Based on latest full year audited financials				Based on latest last twelve months ("LTM") financials						
	Net profit / (loss) (\$'m)	P/E (times)	EBITDA (times)	P/NAV (times)	P/NAV (times)	P/NTA (times)	Net profit / (loss) (\$'m)	P/E (times)	EBITDA (times)	P/NAV (times)	P/NTA (times)
BBR ⁽¹⁾	2.3	25.87	6.04	0.45	0.45	0.45	(3.4)	n.a. ⁽³⁾	11.51	0.48	0.48
Chuan ⁽¹⁾	11.5	7.18	4.29	1.73	1.73	1.73	13.0	6.40	2.72	0.98	0.98
Koon ⁽¹⁾	8.0	3.29	0.99	0.46	0.46	0.46	5.5	4.80	0.95	0.45	0.45
OKP ⁽¹⁾	7.0	12.99	3.74	0.87	0.88	0.88	7.3	12.51	2.37	0.86	0.87
Ryobi ⁽²⁾	(11.4)	n.a. ⁽³⁾	24.62	0.70	0.70	0.70	(11.4)	n.a. ⁽³⁾	24.62	0.70	0.70
Tiong Seng ⁽¹⁾	10.2	10.90	7.88	0.43	0.43	0.43	13.8	8.10	5.13	0.45	0.45
Yongnam ⁽¹⁾	(3.3)	n.a. ⁽³⁾	8.00	0.32	0.32	0.32	(4.6)	n.a. ⁽³⁾	8.17	0.32	0.32
Maximum		25.87	24.62	1.73	1.73	1.73		12.51	24.62	0.98	0.98
Minimum		3.29	0.99	0.32	0.32	0.32		4.80	0.95	0.32	0.32
Mean		12.05 ⁽⁴⁾	7.94	0.71	0.71	0.71		7.95 ⁽⁵⁾	7.92	0.60	0.61
Median		10.90 ⁽⁴⁾	6.04	0.46	0.46	0.46		7.25 ⁽⁵⁾	5.13	0.48	0.48
ATS ⁽¹⁾	3.6	9.00	5.62	4.32	4.34	4.34	5.0	6.55	4.54	3.26	3.27

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies, and other publicly available information.

Notes:

- (1) Based on the audited financials for the financial year ended 31 December 2015 and the unaudited financials for the LTM ended 30 June 2016. EV of ATS was calculated based on cash and cash equivalents after deducting the Proposed Dividend.
- (2) Based on the audited financials for the financial year ended 30 June 2016.
- (3) "n.a." means not applicable as the respective companies had negative net profit attributable to its shareholders.
- (4) Ryobi and Yongnam has been excluded from the computation of the mean and median P/E ratio as they were loss making for their latest audited financial years.
- (5) BBR, Ryobi and Yongnam have been excluded from the computation of the mean and median P/E ratio as they were loss making for the LTM ended 30 June 2016.

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As set out in the above table, the P/E ratio and EV/EBITDA ratio of ATS as implied by the Purchase Consideration are within the range, and are lower than the mean and median P/E ratio and EV/EBITDA ratio of the Comparable Companies (whether based on latest audited financial year results or LTM unaudited results) while the P/NAV ratio and P/NTA ratio of ATS as implied by the Purchase Consideration are above the range of the Comparable Companies (whether based on latest audited NAV/NTA or LTM unaudited NAV/NTA). Given that the rationale of the Proposed Acquisition is to acquire a profitable business with strong operating track record that can contribute further to the Group's revenue and profits, the profit-based ratios such as P/E ratio and the EV/EBITDA ratio would be more relevant as compared to asset-based ratios like P/NAV ratio and P/NTA ratio. Further, based on the midpoint Market Value as opined by the Independent Valuer, the P/Valuation ratio of ATS as implied by the Purchase Consideration will be 0.73 times which will be within the range of P/NAV ratio of the Comparable Companies.

As set out in the above table, Chuan is a Singapore company listed on the HKEx. We note that Chuan had an initial public offering ("IPO") and was listed on the HKEx recently, in June 2016. Chuan's IPO was made at a P/E ratio of 14.45 times based on its IPO market capitalisation of HK\$880 million (equivalent to S\$166.70 million) and its then latest available full year profit of S\$11,536,000 for the financial year ended 31 December 2015, and a P/NAV ratio of 3.47 times based on its then latest available NAV of S\$48,000,000 as at 31 December 2015. The P/E ratio of 6.55 times and P/NAV of 3.26 times for ATS as implied by the Purchase Consideration is lower than the IPO P/E ratio and the IPO P/NAV ratio of Chuan.

Besides the above statistics, we have also calculated the return on investment of the Proposed Acquisition (being profit after tax attributable to 70% equity interest in ATS as a percentage of the Purchase Consideration) against those of the Comparable Companies (being the profit after tax attributable to equity holders of the Comparable Companies as a percentage of the market capitalisation of the Comparable Companies as at the Latest Practicable Date) as follows:

Comparable Companies	Return on investment based on latest full year audited financials (%)	Return on investment based on LTM financials (%)
BBR ⁽¹⁾	3.87	(5.64)
Chuan ⁽¹⁾	13.92	15.63
Koon ⁽¹⁾	30.37	20.84
OKP ⁽¹⁾	7.70	7.99
Ryobi ⁽²⁾	(18.70)	(18.70)
Tiong Seng ⁽¹⁾	9.17	12.35
Yongnam ⁽¹⁾	(3.53)	(4.91)
Maximum	30.37	20.84
Minimum	(18.70)	(18.70)
Mean	13.01 ⁽³⁾	14.20 ⁽⁴⁾
Median	9.17 ⁽³⁾	13.99 ⁽⁴⁾
ATS ⁽¹⁾	11.11	15.26

Notes:

(1) Based on the audited financials for the financial year ended 31 December 2015 and the unaudited financials for the LTM ended 30 June 2016, and divided by the market capitalisation of the Comparable Companies or the purchase consideration for 70% equity of ATS.

(2) Based on the audited financials for the financial year ended 30 June 2016.

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- (3) Ryobi and Yongnam have been excluded from the computation of the mean and median ratio as they were loss making for their latest audited financial years.
- (4) BBR, Ryobi and Yongnam have been excluded from the computation of the mean and median ratio as they were loss making for the LTM ended 30 June 2016.

As set out above, the return on investment on ATS as represented by the Purchase Consideration based on latest audited financial year results is higher than the median returns of the Comparable Companies, and the return on investment on ATS as represented by the Purchase Consideration based on LTM unaudited results is higher than the mean and median returns of the Comparable Companies.

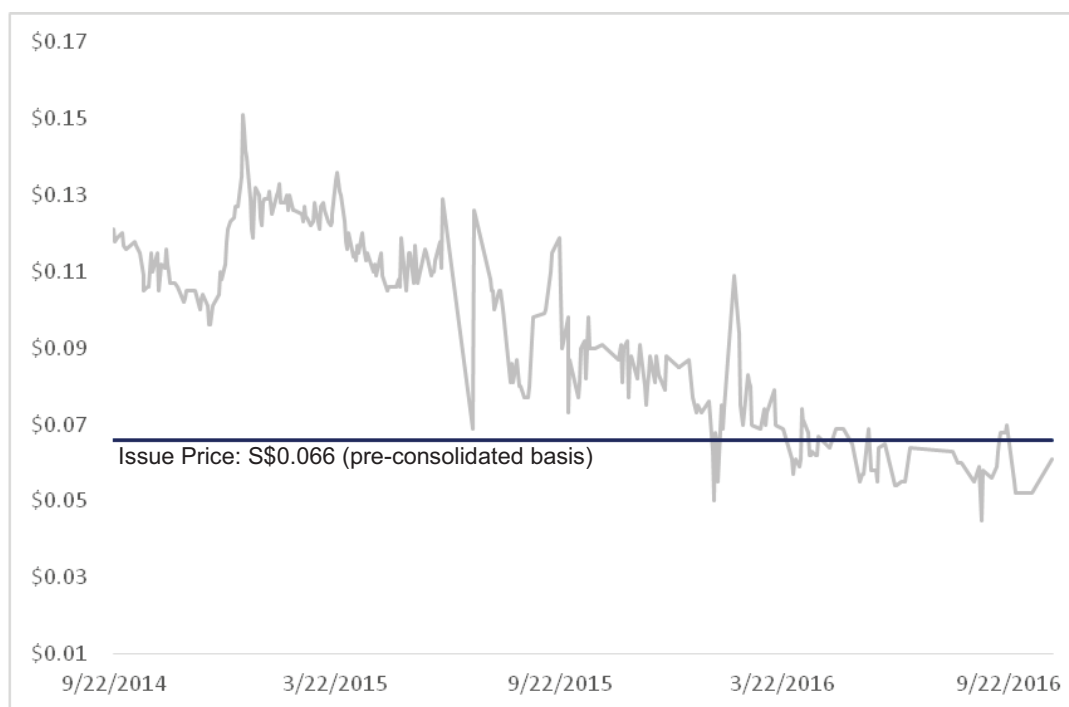
4.6 The Issue Price of the Consideration Shares

Part of the Purchase Consideration will be satisfied by the allotment and issue of the Consideration Shares to the Vendors. The issue price of the Consideration Shares, on a consolidated basis, is S\$0.132.

As the Shares have not been consolidated at the date of this IFA Letter, the issue price applied in our analysis as follows shall be the pre-consolidated share price of **S\$0.066**.

(a) The Issue Price and the Market Performance of the Shares

The historical price chart (based on closing prices and the number of Shares traded on a daily basis) for the Shares during the period commencing 12 months prior to the date of the SPA and ending on the Latest Practicable Date is set out below:



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A summary of the salient announcements and key events relating to the Company during the aforesaid period is set out below:

Date	Event
30 September 2015	The Company announced the winding up of a dormant subsidiary, Ocean Star Apparel (Guangzhou) Pte Ltd, a company incorporated in the People's Republic of China, by way of member's voluntary liquidation.
13 November 2015	The Company announced its unaudited financial results for the third quarter ended 30 September 2015.
27 February 2016	The Company announced its intention to transfer from SGX-ST Main Board to SGX-ST Catalist and the receipt of the approval in principle from the SGX-ST for the Company's compliance with the minimum trading price requirements of the SGX-ST.
29 February 2016	The Company announced its unaudited financial results for the full year ended 31 December 2015.
23 March 2016	The Company responded to the SGX-ST's queries in relation to its unaudited financial results for the full year ended 31 December 2015.
25 March 2016	The Company announced the cessation of the sale and purchase agreement dated 25 March 2015 in respect of the proposed acquisition of the entire issued and paid-up share capital of Link (THM) Holdings Pte. Ltd..
4 April 2016	The Company clarified on differences between the unaudited financial results and the audited financial results for the financial year ended 31 December 2015.
23 April 2016	The Company responded to the SGX-ST's queries in relation to its annual report for the full year ended 31 December 2015.
26 April 2016	The Company held its annual general meeting.
3 May 2016	The Company announced its unaudited financial results for the first quarter ended 31 March 2016.
6 May 2016	The Company announced: <ul style="list-style-type: none">(a) the appointment of its financial controller, Mr Chia Yau Leong, as its executive director; and(b) the cessation of Mr Ang Boon Chong as its non-executive director.
1 August 2016	The Company announced the receipt of the approval in principle from the SGX-ST for the transfer from SGX-ST Main Board to SGX-ST Catalist.
11 August 2016	The Company announced its unaudited financial results for the second quarter ended 30 June 2016.

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Date	Event
29 August 2016	The Company held its extraordinary general meeting in relation to the transfer from SGX-ST Main Board to SGX-ST Catalist, and announced that the effective date of the transfer will be 1 September 2016, Thursday.
21 September 2016	The Company announced the Proposed Acquisition in the morning, before the SGX-ST opened for trading.
14 October 2016	The Company announced the receipt of the conditional Listing & Quotation Notice for the listing and quotation of the Consolidated Shares and the Consideration Shares on the Catalist board of the SGX-ST.

We tabulated below the share price performance and trading volume of the Shares from 21 September 2015, being the 12-month period prior to 21 September 2016 (the “**Announcement Date**”), up to the Latest Practicable Date:

	Highest price ⁽¹⁾ (S\$)	Lowest price ⁽¹⁾ (S\$)	VWAP ⁽²⁾ (S\$)	Premium/ (Discount) of Issue Price to VWAP (%)	Average daily trading volume ⁽³⁾	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
Prior to the Announcement Date						
Last 12 months	0.119	0.045	0.065	1.5	137,354	0.07
Last 6 months	0.074	0.045	0.064	3.1	255,090	0.13
Last 3 months	0.068	0.045	0.063	4.8	294,470	0.15
Last 1 month	0.068	0.045	0.064	3.1	476,918	0.24
20 September 2016, being the last traded day prior to the Announcement Date	0.068	0.068	0.069	(4.3)	2,255,000	1.13
From the Announcement Date to the Latest Practicable Date						
From 21 September to the Latest Practicable Date	0.070	0.052	0.056	17.9	39,467	0.02
As at the Latest Practicable Date	0.061	0.061	0.061	8.2	800	n.m. ⁽⁵⁾

Source: Bloomberg L.P.

Notes:

- (1) The highest price refers to the highest closing price during the relevant period. The lowest price refers to the lowest closing price during the relevant period.
- (2) The volume weighted average price (“VWAP”) of the Shares over the relevant period.
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant period, divided by the number of days on which the Shares were traded during the relevant period.
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company as well as the Vendors, which we have calculated to be 199,118,330 Shares, representing approximately 44.3% of the 449,441,053 total issued Shares as at the Latest Practicable Date.
- (5) “n.m.” means not meaningful.

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On the market prices of the Shares

We note that the issue price of S\$0.066 for each Consideration Share:

- (i) is higher than the VWAP for the 12-month, 6-month, 3-month and 1-month periods between 21 September 2015 and 20 September 2016, being the last traded day prior to the Announcement Date;
- (ii) is slightly lower than the VWAP on 20 September 2016, being the last traded day prior to the Announcement Date;
- (iii) for the 12-month, 6-month, 3-month and 1-month periods prior to the Announcement Date, the Shares closed between a low of S\$0.045 and a high of S\$0.119. The issue price represents a premium of S\$0.021 to the lowest closing price and a discount of S\$0.053 to the highest closing price of the Shares respectively; and
- (iv) save for the first trading day after the announcement where the Shares had traded at S\$0.070, the Shares had traded below the Issue Price for periods between the Announcement Date and the Latest Practicable Date.

On the trading volume of the Shares

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

- (i) the average daily trading volume of the Shares for the periods between 21 September 2015 and 20 September 2016, being the last traded day prior to the Announcement Date had been more than 100,000 Shares which is relatively liquid; and
- (ii) for the period from the Announcement Date up to the Latest Practicable Date, the average daily trading volume had been below 100,000 Shares.

(b) The Issue Price and the NAV per Share

Based on the Company's unaudited financial results for the second quarter ended 30 June 2016, the Company had unaudited NAV of US\$30.56 million as at 30 June 2016.

As at 30 June 2016, the Company's assets comprised mainly a land in Cambodia amounting to US\$10.14 million, cash and cash equivalents amounting to US\$18.26 million, and investment in ATS of US\$4.39 million, while its liabilities were mainly trade and other payables of US\$2.24 million as well as income tax payable of US\$237,000.

With respect to the Cambodian land, we understand that the Group has a 20-year long-term fixed lease on the Cambodian land and has been generating annual rental income of US\$720,000 to the Group in FY2014 and FY2015. This translates to a rental yield of 7.1% per annum. However, given the existence of the 20-year long-term lease, the Company may not be able to realise the full value of the Cambodian land if it were to sell the land for cash.

The Group's investment in ATS of US\$4.39 million as at 30 June 2016 is also not a liquid asset since ATS's shares are not publicly traded.

On a cash and cash equivalent basis, based on the exchange rate of US\$1 to S\$1.3491 as at 30 June 2016 and the existing share capital of 449,441,053, the cash and cash equivalents per Share was S\$0.055. The issue price of S\$0.066 represents a premium of S\$0.011 (or 20.00%) to the cash and cash equivalents per Share.

The Company confirms that it is not aware of any factors which may adversely affect the NAV of the Group as at 30 June 2016 and that there was no change in accounting treatments that would affect the value of its assets and liabilities.

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Based on the closing exchange rate of US\$1 to S\$1.3491 as at 30 June 2016, the NAV per Share amounted to S\$0.0917. The issue price of S\$0.066 for each Consideration Shares represents a discount of 28.03% to the NAV per Share.

Nevertheless, as the Purchase Consideration is not entirely satisfied by the allotment and issue of the Consideration Shares, the dilutive effects of the Proposed Acquisition on the NAV per Share of the Company is approximately 8.7% as illustrated below:

	(in thousands)	
NAV as at 30 June 2016	US\$	30,561
equivalent to	S\$	41,230
Add: Issuance of Consideration Shares	S\$	13,229

NAV upon completion of Proposed Acquisition	S\$	54,459

NAV per Share (after the Share Consolidation but before the Proposed Acquisition) based on the consolidated share capital of 224,720,526 consolidated shares after the Share Consolidation	S\$	0.1835
NAV per Share (after the Share Consolidation and the Proposed Acquisition) based on the enlarged share capital of 324,940,306 consolidated shares after the Share Consolidation and issue of Consideration Shares	S\$	0.1676
Effective Dilution to Shareholders		(8.7)%

4.7 Pro Forma Financial Effects of the Proposed Acquisition

In our evaluation of the Proposed Acquisition, we have also considered the pro forma financial effects of the Proposed Acquisition to the Company.

The pro forma financial effects of the Proposed Acquisition are set out in section 2.2 of the Circular. Shareholders are advised to read the section carefully.

In summary, we note the following:

- (a) the Company will have net profit attributable to its equity holder for FY2015 had the Proposed Acquisition been completed on 1 January 2015; and
- (b) the NTA per Share of the Company as at 31 December 2015 will be lower had the Proposed Acquisition been completed on 31 December 2015. This is because the Company is acquiring ATS above its book value which will create goodwill on acquisition.

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4.8 Other Considerations

In determining whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, we have also considered the following:

- (a) The shareholding of Mr Ang Boon Cheow Edward and his concert parties in the Company shall change as follows:

	As at the Latest Practicable Date		After the Share Consolidation but before the completion of the Proposed Acquisition		After the Share Consolidation and completion of the Proposed Acquisition	
	Shares ⁽¹⁾	% ⁽¹⁾	Shares ⁽¹⁾	% ⁽¹⁾	Shares ⁽¹⁾	% ⁽¹⁾
Ang Boon Cheow Edward	139,814,634	31.11	69,907,317	31.11	162,968,541	50.15
Ang Boon Chong	63,694,089	14.17	31,847,044	14.17	31,847,044	9.80
Ang Sher Yin Celestine	44,944,000	10.00	22,472,000	10.00	22,472,000	6.92
	248,452,723	55.28	124,226,361	55.28	217,287,585	66.87

Note:

- (1) Direct and indirect shareholdings in the Company.

Mr Ang Boon Cheow Edward and his concert parties will continue to hold more than 50% equity interest in the Company after the completion of the Proposed Acquisition and will continue to be in a position to pass all ordinary shareholders' resolutions on matters in which they do not have an interest.

- (b) Mr Ang Boon Cheow Edward has undertaken to subject his 93,061,224 Consideration Shares under a moratorium, for a period of six (6) months from the Completion Date.
- (c) Mr Wong Siew Hui has undertaken to continue in his present employment with ATS and to remain as a director of ATS for at least one year from the Completion Date.

Based on the 1,870,000 Shares held by Mr Wong as at the Latest Practicable Date and the 7,158,556 Consideration Shares to be allotted and issued to Mr Wong upon the completion of the Proposed Acquisition, Mr Wong will hold approximately 2.49% equity interest in the Company after the completion of the Proposed Acquisition.

5. OUR OPINION

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

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We set out below a summary of the key factors we have taken into our consideration:

- (a) the Purchase Consideration is below the Market Value of ATS as assessed by the Independent Valuer;
- (b) the Company would have reported higher losses for FY2014, FY2015, HY2015 and HY2016 after excluding the share of results of ATS;
- (c) ATS had been generating relatively stable annual revenue and registering improving profit margins in its last three completed financial years and the six months ended 30 June 2016;
- (d) ATS would still have a strong balance sheet with current ratio of more than 1.0 times and gearing ratio of less than 0.6 times as at 30 June 2016 after adjusting for the Proposed Dividend;
- (e) while the P/NAV ratio and P/NTA ratio as implied by the Purchase Consideration are above the range of the Comparable Companies, the P/E ratio and EV/EBITDA ratio of ATS as implied by the Purchase Consideration are within the range, and are lower than the mean and median P/E ratio and EV/EBITDA ratio of the Comparable Companies (whether based on latest audited financial year results or LTM results);
- (f) given that the rationale of the Proposed Acquisition is to acquire a profitable business with strong operating track record that can contribute further to the Group's revenue and profits, the profit-based ratios such as P/E ratio and the EV/EBITDA ratio would be more relevant as compared to asset-based ratios like P/NAV ratio and P/NTA ratio. Further, based on the midpoint Market Value as opined by the Independent Valuer, the P/Valuation ratio of ATS as implied by the Purchase Consideration will be 0.73 times which will be within the range of P/NAV ratio of the Comparable Companies;
- (g) the P/E ratio of 6.55 times and P/NAV of 3.26 times for ATS as implied by the Purchase Consideration is lower than the IPO P/E ratio and the IPO P/NAV ratio of Chuan which was listed on HKEx in June 2016;
- (h) the return on investment on ATS as represented by the Purchase Consideration based on LTM unaudited results is higher than the mean and median returns of the Comparable Companies;
- (i) the pre-consolidated issue price of the Consideration Shares is higher than the VWAP for the 12-month, 6-month, 3-month and 1-month periods between 21 September 2015 and 20 September 2016, the last traded day prior to the Announcement Date;
- (j) although the Consideration Shares will be issued a discount of 28.03% to the NAV per Share, as the Purchase Consideration is not entirely satisfied by the allotment and issue of the Consideration Shares, the dilutive effects of the Proposed Acquisition on the NAV per Share to the existing Shareholders is approximately 8.7%;
- (k) the EPS of the Company will improve with the Proposed Acquisition; and
- (l) other considerations set out in paragraph 4.8 of this IFA Letter.

Accordingly, after taking into account the above factors, we are of the opinion that, on balance, the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter is addressed to the Non-Interested Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Proposed Acquisition.

**APPENDIX A: LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL
ADVISER TO THE NON-INTERESTED DIRECTORS**

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof), except for purposes of the Proposed Acquisition, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

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

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE



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Valuation Summary Letter

Our reference: O00015-1-r1

20th September 2016

The Management

Ocean Sky International Limited

300 Tampines Avenue 5

#09-05 NTUC Income Tampines Junction

Singapore 529653

Attention: Mr Chia Yau Leong

Dear Sirs/ Madam,

1. INTRODUCTION

In accordance with your instructions, we have undertaken the valuation exercise of 70% equity interest in Ang Tong Seng Brothers Enterprises Pte. Ltd. (“**ATS**” or the “**Target**”). Our valuation is dated 30th June 2016 (“**Valuation Date**”).

We understand that Ocean Sky International Limited (“**Ocean Sky**” or the “**Company**”) is intending to acquire the remaining 70% equity interest in its associate, ATS (“**Acquisition**”). The Acquisition may be considered an interested party transaction because the vendors of ATS are also the directors and shareholders of the Ocean Sky. As such, Ocean Sky would require an independent valuation of ATS.

This summary letter (“**Summary Letter**”) has been prepared for inclusion in the circular of Ocean Sky in relation to the Acquisition and is a summary of the information contained in our detailed Valuation Report (“**Report**”) and should be read in conjunction with the Report.



2. TERMS OF REFERENCE

Censere was appointed to undertake an independent valuation of a 70% equity interest in ATS. We were neither a party to the negotiations entered into by the Company in relation to the Acquisition nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Acquisition and we do not, by the Summary Letter or Report or otherwise, advise or form any judgement on the merits of the Acquisition. We do not warrant the merits of the Acquisition or the acceptability of the risk for the Acquisition.

We have confined our evaluation strictly and solely on the financial terms of the Acquisition and have not taken into account the commercial/financial risks and/or merits (if any) of the Acquisition or their strategic merits or the future prospects of the Company or the Company and its subsidiaries (the “**Group**”) or the comparison with other deals involving shares of the Company. We are not required to comment on or evaluate the methods or procedures used by the Group to manage the change in any risk profile for the Group in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Directors and the management of the Company (“**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in the Summary Letter or Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Acquisition. In addition, we do not express any views or opinion on the merits of the Acquisition, the legality of the Acquisition or any other and all other matters pertaining to the Acquisition, documents for the Acquisition (the Circular and the accompanying explanatory notes), inter alia, the independence of any party or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of information.

In the course of our evaluation, we have held discussions with certain Directors and the Management, inter alia, regarding their assessment of the rationale for the Acquisition and have examined publicly available information collated by us including the audited financial statements as well as information, both written and verbal, provided to us by the Directors and Management and professional advisers of the Company, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot

APPENDIX B: VALUATION REPORT FROM THE INDEPENDENT VALUER



and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We do not warrant and have not commented on the acceptability of the risk that the Group may be subject to as a result of the Acquisition. Accordingly, the estimates or analysis or evaluation of the merits of the Company or the Group or ATS, if any, in the Summary Letter or Report is necessarily limited and we do not warrant or represent that it is complete or in entirety.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real property) of ATS or the Company or the Group and we have not been furnished with any such evaluation or appraisal. With respect to such valuation, we have not evaluated or appraised the assets and liabilities (including without limitation, real property and plant and machinery) and have relied on the opinion of the Directors and the financial statements (audited and management where applicable) for the Group and the Company or ATS. Our opinion in this letter is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may change in light of developments which inter alia, includes general as well as company specific or industry specific conditions or sentiments or factors. Shareholders should note that our evaluation is based solely on publicly available information and other information provided by the Company, the Directors as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance after the Valuation Date or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Acquisition, the purchase consideration and our 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.

In rendering our opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As such, any individual Shareholder who may require advice in the context of his or her



specific investment portfolio, including his or her investment in the Company, should consult his or her 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 or the Acquisition or the Company or Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Summary Letter or Report in its entirety. In addition, Censere will not be responsible or required to provide an updated assessment or opinion or views of the Acquisition, following the date of the issue of the Report.

Accordingly, our Summary Letter or Report or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Directors, subject to our terms of reference and the contents of the Letter or Report as one of the basis for their opinion or views or recommendation. In addition, any references to our Summary Letter or Report or opinion or views, 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 the Letter or Report in its entirety inter alia the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Summary Letter or Report.

For this assignment we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on any proposed transaction. We have not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

Statement of Independence

We confirm that we have no present or contemplated interest in the assets which are the subject of this valuation and are acting independent of all parties. Our fees are agreed on a lump sum basis and are not contingent on the outcome.

3. BASIS OF VALUATION

The valuation has been conducted on a Market Value basis. Market Value is the estimated amount for which an asset should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion. Guidance on market-value measurement indicates that quoted market



prices in active markets are the best evidence of Market Value and should be used as the basis of measurement, if available.

4. KEY LIMITATIONS AND ASSUMPTIONS

In preparing our assessment, we have made the following key limitations and assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects ATS's financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted in Singapore on a true and fair basis.
- The Management has provided us the order book from 1st July 2016 to FY2021. To its best knowledge, the Management is solely responsible for the contents, estimation and the assumptions used in the projections.
- ATS shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.
- There will not be any material changes in the political and/or economic conditions under which ATS operates that may adversely affect the future prospects of ATS.
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of ATS.
- The current owner of ATS has clear and unencumbered title of ownership over all assets included in this assessment.
- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in ATS's countries of operations.
- There will be no material change in inflation, interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- ATS's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.



- Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the report.

Our valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit or due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this report.

5. VALUATION METHODOLOGY

In arriving at the Market Value of ATS, we have considered three generally accepted approaches to value: cost approach, market approach and income approach. Cost approach is based upon the economic principle of substitution. The underlying premise is that an investor will pay no more for an asset or business or business interest than the cost to obtain through purchase or construction of an asset of equal utility or the economic returns that the investor expects the investment to generate. The value of an enterprise is equivalent to the market value of its assets less the market value of its liabilities.

Market approach uses direct comparisons to other enterprises and their equity securities to estimate the market value of the common shares of privately issued securities. The market approach bases the market value measurement on what other similar enterprises or comparable transactions indicate the value to be. Under this approach, the valuation of the equity securities or assets are compared to investments by unrelated parties in comparable equity securities of the subject enterprise or examines transactions in comparable equity securities of comparable enterprises.

Income approach is based on the assumption that value emanates from expectations of future income and cash flows. The income approach simulates, in the absence of observable market transactions, how market participants would formulate their decision to buy or sell securities. The income approach seeks to convert future economic benefits into a present value. The income approach differs from the market approach, in that, whereas the market approach is based on marketplace prices and assumptions, the income approach is based on entity-specific assumptions.



In our opinion, the income approach is the most appropriate method to value the Target. The use of the cost approach is not appropriate for the valuation of the equity interest as it does not directly incorporate information about the economic benefits contributed by the subjects' assets, business or business interests.

We have considered several market multiple methods under market approach; namely Enterprise Value / Earnings before Interest, Tax, Enterprise Value / Earnings before Interest, Tax, Depreciation and Amortisation and Price-to-earnings Multiple. Volatility of the multiples of comparable companies makes it difficult to conclude a reliable value from a single market multiple approach. Our analysis based on the market approach serves as a cross-check to our valuation results using the income approach. We have ultimately relied solely on the income approach in assessing our value of a 70% equity interest in ATS.

6. VALUATION OF 100% EQUITY INTEREST

Income Approach – Discounted Cash Flow Method

The discounted cash flow (“**DCF**”) method is one application of the income approach. We have used the Free Cash Flow to Firm (“**FCFF**”) method, being the cash flows left over after covering capital expenditure and working capital needs, to ultimately value a 100% equity interest in ATS. The present value of FCFF is a measure of enterprise value and a 100% equity interest in ATS is subsequently derived by taking the enterprise value, subtracting existing debt and adding excess cash & cash equivalents.

In applying the DCF method, there are three critical inputs: i) supportable cash flow forecasts, ii) an estimate of the terminal value at the end of the forecast period and iii) an appropriate discount rate by which we revert the cash flows to present value.

i) Financial Projections

Management has provided financial projections for the period from 1st July 2016 to FY2021. We have reviewed the financial projections provided by Management and are of the opinion that they are broadly in line with the accompanying assumptions.

ii) Terminal Value

To estimate the terminal value of ATS at the end of FY2021, we have used the Gordon-Growth Model. This model is used to value firms that are growing at a stable growth rate and relates the value to the expected cash flow in the next period, the required rate of return and the expected growth rate. We have

APPENDIX B: VALUATION REPORT FROM THE INDEPENDENT VALUER



assumed that the earnings of ATS will stabilise in FY2021 and will grow at a rate of 1% to 3% thereafter.

iii) Discount Rate

To discount the future cash flows of ATS to their present value, we have assumed a discount rate of 7.0% as at the Valuation Date.

Discount Rate – WACC

WACC is the weighted cost of debt and equity funded capital. We adopted the Singapore Prime Lending Rate as the pre-tax cost of debt. The cost of equity was calculated using the capital asset pricing model taking into consideration the risk free rate, the equity beta of the business, the market risk premium and alpha or epsilon, i.e., any specific risk factors. The discount rate range reflects the riskiness of the business or the rate of return of the investment which are shown as follows.

Cost of Equity

Based on these inputs, cost of equity is derived as follows:

Cost of Equity	Ref:	
Risk Free Rate:	a	1.91%
Country Risk Premium:	b	6.00%
Average Unlevered Beta:	c	0.29
Relevered Beta	d	0.48
Estimated Return of Equity	$e = a+d*b$	4.79%
Add: Epsilon	f	5%
Cost of Equity	$g = e + f$	9.79%

Remarks:

a: Yield from 10-yr Singapore Government Bond

b: Singapore equity risk premium from Damodaran

c: Average of Unlevered Betas

d: Relevered beta from industry (comparables) average debt/equity ratio and corporate tax rate.

f: Epsilon is a measure of company specific risk, i.e. lack of diversification and quality of earnings discount associated with the Company which cannot be quantified directly.

APPENDIX B: VALUATION REPORT FROM THE INDEPENDENT VALUER



Derived WACC

Based on these inputs, WACC is computed as follows:

Weighted Average Cost of Capital		
Cost of Equity		9.79%
Cost of Debt (Pre-tax)*		5.35%
Tax Rate	h	17.00%
Cost of Debt (After-tax)		4.44%
Projected debt equity structure		
Percentage of equity in the capital structure	i	55%
Percentage of debt in the capital structure	i	45%
WACC (rounded)		7.00%
h: Statutory corporate tax rate		
i: Expected long-term capital structure		

Interest Bearing Debt and Excess Cash & Cash equivalent

In order to arrive at 100% equity interest in ATS from the enterprise value, the existing interest bearing debt is subtracted and excess cash & cash equivalents is added. As at the Valuation Date, ATS had interest bearing debt amounting to S\$4.3 million and we have assumed an excess cash of S\$6.5 million after taking into account of payment for operational liabilities.

Adjustment for Marketability Discount

According to the International Glossary of Business Valuation Terms, marketability means the relative ease and promptness with which a security or commodity may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of the sale. Investors will price in a discount for the additional costs and risks of liquidation when valuing equity in privately-held companies. Based on historical empirical research including SEC Institutional Investor Study, Maher Study, and Trout Study, the marketability discount typically ranges from 25% to 35%. We are of the opinion that the marketability discount for the purpose of this valuation is 30%.

Market Value of ATS

Based on the DCF method, the derived enterprise value of ATS after excluding debt ranges from S\$45.6 million to S\$67.5 million as at Valuation Date. A 100% equity interest in ATS is then derived by applying a marketability discount of 30% followed by adding the excess cash of S\$6.5 million as at

APPENDIX B: VALUATION REPORT FROM THE INDEPENDENT VALUER



Valuation Date. We are of the opinion that the Market Value of a 100% equity interest ranges from S\$38.4 million to S\$53.8 million, with a midpoint value of S\$ 44.4 million as at Valuation Date. Market Value of a 70% equity interest ranges from S\$26.9 million to S\$37.6 million, with a midpoint value of S\$31.1 million as at Valuation Date.

7. STATEMENT OF VALUE

For the purposes stated herein and subject to the limitations and assumptions set out in this report, we are of the opinion that as at the Valuation Date, the Market Value of a 70% equity interest in ATS ranges from S\$26.9 million to S\$37.6 million with a midpoint value of S\$31.1 million.

Yours faithfully,

For and on behalf of
Censere Singapore Pte Ltd

A handwritten signature in black ink, appearing to read "B. Shadbolt".

Brett Shadbolt
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

OCEAN SKY INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198803225E)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“**EGM**”) of Ocean Sky International Limited (the “**Company**”) will be held on 21 November 2016 at 10.30 a.m. at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

*All capitalised terms in this Notice which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 4 November 2016 (the “**Circular**”).*

SHAREHOLDERS SHOULD NOTE THAT ALL RESOLUTIONS ARE INTER-CONDITIONAL ON ONE ANOTHER. THIS MEANS THAT IF ANY OF RESOLUTIONS 1, 2 OR 3 IS NOT APPROVED, THE OTHER RESOLUTIONS WILL NOT BE DULY PASSED.

ORDINARY RESOLUTION 1:

THE PROPOSED ACQUISITION OF THE REMAINING 70% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ANG TONG SENG BROTHERS ENTERPRISES PTE LTD NOT HELD BY THE COMPANY WHICH CONSTITUTES A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION UNDER THE CATALIST RULES

That, subject to and contingent upon the passing of Resolutions 2 and 3, for the purposes of Chapter 9 and Chapter 10 respectively of the Catalist Rules Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”):

- (a) approval be and is hereby given for the proposed acquisition of 1,050,000 ordinary shares representing the remaining 70% of the issued and paid-up share capital of Ang Tong Seng Brothers Enterprises Pte Ltd not held by the Company from Ang Boon Cheow Edward and Wong Siew Hui (the “**Vendors**”), upon the terms and conditions of the sale and purchase agreement entered into by the Company and the Vendors on 21 September 2016 (the “**Proposed Acquisition**”); and
- (b) any of the directors of the Company (“**Directors**”) be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with the Proposed Acquisition and to give full effect to this Ordinary Resolution 1 (including any amendment to the Sale and Purchase Agreement, execution of any other agreements or documents and procurement of third party consents) as he shall think fit and in the interests of the Company.

ORDINARY RESOLUTION 2:

THE PROPOSED CONSOLIDATION OF EVERY TWO (2) ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE

That, subject to and contingent upon the passing of Resolutions 1 and 3, approval be and is hereby given:

- (a) for the proposed consolidation of every two (2) existing Shares held by the Shareholders as at the Books Closure Date to be determined by the Directors into one (1) Consolidated Share in the manner set out in the Circular (the “**Proposed Share Consolidation**”);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) for the Directors to disregard any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation, and for all fractions of Consolidated Shares to which holders of the existing Shares would otherwise be entitled, to be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company;
- (c) for the Directors of the Company to be authorised to fix the Books Closure Date and the date on which the Shares will trade on the Official List of the SGX-ST in board lots of 100 Consolidated Shares in their absolute discretion as they deem fit; and
- (d) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with the Proposed Share Consolidation and to give full effect to this Ordinary Resolution 2 as he shall think fit and in the interests of the Company.

ORDINARY RESOLUTION 3:

THE PROPOSED ALLOTMENT AND ISSUE OF 100,219,780 NEW CONSOLIDATED SHARES IN THE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S\$0.132

That, subject to and contingent upon the passing of Resolutions 1 and 2:

- (a) approval be and is hereby given for the proposed allotment and issue of 100,219,780 new Consolidated Shares at the issue price of S\$0.132, upon the terms and conditions of the Sale and Purchase Agreement (the "**Proposed Issue of Consideration Shares**"); and
- (b) any of the Directors be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with the Proposed Issue of Consideration Shares and to give full effect to this Ordinary Resolution 3 (including any amendment to the Sale and Purchase Agreement, execution of any other agreements or documents and procurement of third party consents) as he shall think fit and in the interests of the Company.

By Order of the Board

Chia Yau Leong
Company Secretary

4 November 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint two or more proxies to attend and vote at the Extraordinary General Meeting. Relevant intermediary is either:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 17 Tuas View Close, Singapore 637484, not less than forty-eight (48) hours before the time appointed for the holding of the Extraordinary General Meeting.

Personal data privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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PROXY FORM

OCEAN SKY INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198803225E)

PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We, _____

of _____

being a member/members of OCEAN SKY INTERNATIONAL LIMITED, (the "**Company**"), hereby appoint:

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate):

Name	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf, by poll, at the Extraordinary General Meeting of the Company to be held at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404 on 21 November 2016 at 10.30 a.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Please indicate your vote "For" or "Against" with an "X" within the boxes provided.

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against
1.	The Proposed Acquisition		
2.	The Proposed Share Consolidation		
3.	The Proposed Issue of Consideration Shares		

Dated this _____ day of _____ 2016

Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

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



PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint two or more proxies to attend and vote at the Extraordinary General Meeting. Relevant intermediary is either:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 17 Tuas View Close, Singapore 637484, not less than forty-eight (48) hours before the time appointed for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Extraordinary General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the members, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 4 November 2016.