

CIRCULAR DATED 20 OCTOBER 2020

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) OF LCT HOLDINGS LIMITED AND THE ADVICE OF NOVUS CORPORATE FINANCE PTE. LTD. TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by LCT Holdings Limited (the “**Company**”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The contents of this Circular have not been reviewed by any regulatory authority in any jurisdiction. The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, opinions expressed or advice given in this Circular.

LCT

Holdings Limited

LCT HOLDINGS LIMITED

(Incorporated in Bermuda)
(Company Registration No. 35673)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

CEL IMPETUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201631484Z)

for and on behalf of

SUPERIOR PARTNERS LIMITED

(Incorporated in the British Virgin Islands)
(Company Registration No. 1804461)

for all the issued ordinary shares in the capital of the Company

Independent Financial Adviser to the Independent Directors of LCT Holdings Limited



NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201723484W)

SHAREHOLDERS (AS DEFINED HEREIN) SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 3 NOVEMBER 2020 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN). THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER PRICE (AS DEFINED HEREIN).

TABLE OF CONTENTS

CONTENTS	PAGE
DEFINITIONS.....	3
1. INTRODUCTION.....	10
1.1 OFFER ANNOUNCEMENT.....	10
1.2 OFFER DOCUMENT.....	10
1.3 INDEPENDENT FINANCIAL ADVISER.....	10
1.4 PURPOSE OF CIRCULAR.....	10
2. THE OFFER.....	11
3. INFORMATION ON THE OFFEROR.....	20
4. IRREVOCABLE UNDERTAKINGS.....	21
5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY.....	24
6. COMPULSORY ACQUISITION AND LISTING STATUS.....	26
7. FINANCIAL EVALUATION OF THE OFFER.....	28
8. DISCLOSURES.....	29
9. CONFIRMATION OF FINANCIAL RESOURCES.....	30
10. DIRECTORS' INTERESTS.....	30
11. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER.....	30
12. ACTION TO BE TAKEN BY SHAREHOLDERS.....	37
13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS.....	37
14. OVERSEAS SHAREHOLDERS.....	38
15. DIRECTORS' RESPONSIBILITY STATEMENT.....	40
16. ADDITIONAL INFORMATION.....	40
APPENDIX 1	
LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION TO THE OFFER....	A1-1
APPENDIX 2	
ADDITIONAL GENERAL INFORMATION.....	A2-1
APPENDIX 3	
INFORMATION ON THE OFFEROR.....	A3-1
APPENDIX 4	
RELEVANT ARTICLES IN THE BYE-LAWS.....	A4-1
APPENDIX 5	
VALUATION REPORT.....	A5-1

DEFINITIONS

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

“Annual Report FY2020”	:	Annual report of the Group containing the audited financial statements of the Group for FY2020
“Bermuda Companies Act”	:	The Companies Act 1981 of Bermuda, as amended, supplemented or modified from time to time
“Board”	:	The board of Directors as at the Latest Practicable Date
“Business Day”	:	A day other than Saturday, Sunday or a public holiday on which commercial banks are open for business in Singapore
“Bye-laws”	:	The existing bye-laws of the Company, as amended, modified or supplemented from time to time
“Circular”	:	This circular to Shareholders dated 20 October 2020 in relation to the Offer enclosing, <i>inter alia</i> , the IFA Letter
“Closing Date”	:	5.30 p.m. on 3 November 2020 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for lodgement of acceptances for the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act (Chapter 50 of Singapore Statutes), as amended or modified from time to time
“Company Securities”	:	(a) Shares; (b) securities which carry voting rights in the Company; or (c) Convertible Securities, Warrants, Options (including any options granted under any employee share scheme of the Company) or Derivatives in respect of (a) or (b)
“Convertible Securities”	:	Securities convertible or exchangeable into new shares or existing shares
“Corporate Secretarial Agent”	:	Tricor HEP Corporate Services Pte. Ltd.
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Derivatives”	:	Includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities
“Directors”	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date, and “ Director ” means any one of them

“FAA”	:	Form of Acceptance and Authorisation for Shares in respect of the Offer, applicable to Depositors whose Shares are deposited with CDP and which forms part of the Offer Document
“FAT”	:	Form of Acceptance and Transfer for Shares in respect of the Offer, applicable to Shareholders whose Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
“FY”	:	Financial year ended or ending on, as the case may be, 30 June
“FY2018”	:	Financial year ended 30 June 2018
“FY2019”	:	Financial year ended 30 June 2019
“FY2020”	:	Financial year ended 30 June 2020
“IFA Letter”	:	The letter dated 20 October 2020 from the IFA to the Independent Directors in respect of the Offer as set out in Appendix 1 to this Circular
“Independent Directors”	:	The Directors who are considered independent for the purposes of the Offer, being Ms. Lee Ying Shin, Mr. Koh Kew Siong and Mr. Mark Leong Kei Wei
“Interested Person”	:	As defined in Note on Rule 24.6 of the Code and read with Note on Rule 23.12 of the Code, an interested person, in relation to a company, is: <ul style="list-style-type: none"> (a) a director, chief executive officer, or Substantial Shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer, or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Irrevocable Undertakings”	:	Has the meaning ascribed to it in the Offer Document

“Latest Practicable Date”	:	13 October 2020, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time up to the Latest Practicable Date
“Offer”	:	The voluntary conditional cash offer made by CEL Impetus Corporate Finance Pte. Ltd., for and on behalf of the Offeror, to acquire all the Shares (excluding treasury Shares) including those owned, controlled or agreed to be acquired by the parties acting or presumed to be acting in concert with the Offeror, on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended or revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement in connection with the Offer released by CEL Impetus Corporate Finance Pte. Ltd., for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	:	16 September 2020, being the date of the Offer Announcement
“Offer Document”	:	The offer document dated 6 October 2020, including the FAA and FAT, and any other document which may be issued by CEL Impetus Corporate Finance Pte. Ltd., for and on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
“Offeror Securities”	:	(a) shares of the Offeror; (b) securities which carry substantially the same rights as any shares of the Offeror; or (c) Convertible Securities, Warrants, Options or Derivatives in respect of (a) or (b)
“Offer Price”	:	S\$0.60 in cash for each Share
“Options”	:	Options to subscribe for or purchase new Shares or existing Shares
“Overseas Shareholders”	:	Shall have the meaning ascribed to it in Section 14 of this Circular
“Register”	:	The register of holders of the Shares, as maintained by the Registrar
“RMB”	:	Renminbi, being the lawful currency of the People’s Republic of China
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act (Chapter 289 of Singapore Statutes)

“Shareholders”	:	Holders of Shares (other than CDP), including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SRS”	:	Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares pursuant to the SRS
“Subject Property”	:	The investment property of the Group located at the whole of levels 1 to 16, and the ancillary facilities in the basement of, Tower A of Longcheer Science and Technology Park, No. 29 Jinye First Road, Hi-tech Zone, Yanmen District, Xi’an, Shaanxi Province, the People’s Republic of China
“Valuation Report”	:	The valuation report prepared by the Independent Valuer in respect of the Subject Property as set out in Appendix 5 to this Circular
“Warrants”	:	Rights to subscribe for or purchase new Shares or existing Shares
“%” or “per cent.”	:	Per centum or percentage

COMPANIES/ORGANISATIONS

“CDP”	:	The Central Depository (Pte) Limited
“CICF”	:	CEL Impetus Corporate Finance Pte. Ltd.
“Company”	:	LCT Holdings Limited
“CPF”	:	The Central Provident Fund
“Group”	:	The Company and its subsidiaries
“Independent Valuer”	:	APAC Asset Valuation and Consulting Limited
“NCF” or “IFA”	:	Novus Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Offer
“Offeror”	:	Superior Partners Limited
“Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd., in its capacity as the share registrar of the Company
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council of Singapore

Unless otherwise defined, the term “**acting in concert**” shall have the meaning ascribed to it in the Code.

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

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

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

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

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing one gender shall include the other gender. References to persons shall, where applicable, include corporations.

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 Bermuda Companies Act, the Listing Manual or the Code or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Bermuda Companies Act, the Listing Manual or the Code or any statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

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

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

Any reference in this Circular to the total number of issued Shares is a reference to 35,244,520 Shares (excluding 4,421,875 treasury shares) as at the Latest Practicable Date, unless otherwise stated.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Bye-laws are set out in this Circular within quotes and in italics, and capitalised terms used within these reproduced statements bear the same meanings as ascribed to them in the Offer Document, the IFA Letter and the Bye-laws respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include, but are not limited to, those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” or “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor NCF guarantees any future performance or event or assumes any obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

SUMMARY TIMETABLE

Date of despatch of Offer Document	:	6 October 2020
Date of despatch of Circular	:	20 October 2020
Closing Date	:	5.30 p.m. on 3 November 2020 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
Settlement of consideration for valid acceptances of the Offer	:	<ul style="list-style-type: none">(i) In respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) Business Days of that date.(ii) In respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

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

LETTER TO SHAREHOLDERS

LCT Holdings Limited

(Incorporated in Bermuda)
(Company Registration No. 35673)

Board:

Mr. Du Junqi (*Executive Chairman and Chief Executive Officer*)
Mr. Tao Qiang (*Executive Director*)
Mr. Deng Hua (*Non-Executive Director*)
Ms. Lee Ying Shin (*Non-Executive and Independent Director*)
Mr. Koh Kew Siong (*Non-Executive and Independent Director*)
Mr. Mark Leong Kei Wei (*Non-Executive and Independent Director*)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11, Bermuda

20 October 2020

To: The Shareholders

Dear Sir / Madam

VOLUNTARY CONDITIONAL CASH OFFER BY CICF, FOR AND ON BEHALF OF THE OFFEROR FOR ALL THE SHARES

1. INTRODUCTION

1.1 OFFER ANNOUNCEMENT

The Company refers to the Offer Announcement made by CICF, for and on behalf of the Offeror, on the Offer Announcement Date, in relation to the Offer.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 OFFER DOCUMENT

Shareholders should have by now received a copy of the Offer Document, as announced by CICF, for and on behalf of the Offeror, which has been despatched on 6 October 2020, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Sections 2 to 3 of and Appendix 1 to the Offer Document. **Shareholders are urged to read the terms and conditions of the Offer set out in the Offer Document carefully.**

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

1.3 INDEPENDENT FINANCIAL ADVISER

NCF has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.

1.4 PURPOSE OF CIRCULAR

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

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix 1 to this Circular carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.

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

2. **THE OFFER**

2.1 **OFFER TERMS**

The Offer is made by the Offeror on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"2. TERMS OF THE OFFER

- 2.1 **Offer Price.** For and on behalf of the Offeror, CICF hereby makes the Offer, in accordance with Section 139 of the SFA and the Code, and subject to the terms and conditions of this Offer Document, for all the Offer Shares on the following basis:

<i>\$S\$0.60 in cash for each Offer Share ("Offer Price")</i>

The Offer Price is final and the Offeror does not intend to revise the Offer Price or any other terms of the Offer, save that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code if a competitive situation arises.

- 2.2 **Offer Shares.** For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all Offer Shares.
- 2.3 **No Encumbrances.** The Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.
- 2.4 **Adjustments for Distributions.** Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions that may be declared, paid or made by the Company on or after the Offer Announcement Date. In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer (the "**Offer Settlement Date**") falls:
- (a) *if the Offer Settlement Date falls on or before the Record Date for such Distribution, the Offeror will pay the relevant accepting Shareholders the unadjusted Offer Price for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; and*
 - (b) *if the Offer Settlement Date falls after the Record Date for such Distribution, the Offer Price payable for such Offer Shares tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Shares, as the Offeror will not receive such Distribution from the Company."*

2.2 ACCEPTANCE CONDITION

Section 2.5 of the Offer Document sets out the acceptance condition of the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

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

As at the Latest Practicable Date, based on the information available to the Offeror, the Offeror does not own or control any Offer Shares. For further details on the aggregate number of Offer Shares owned or controlled by the Offeror and the Concert Parties as at the Latest Practicable Date, please refer to section 6.2 of this Offer Document below.

Save for the Minimum Acceptance Condition, the Offer will be unconditional in all other respects.”

2.3 WARRANTY

Section 2.7 of the Offer Document sets out the warranty in connection with the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

*“2.7 **Warranty.** A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.”*

2.4 DETAILS OF THE OFFER

The duration of the Offer is set out in Appendix 1 to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“1. DURATION OF THE OFFER

1.1 First Closing Date. *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. **Accordingly, the Offer will close at 5.30 p.m. on 3 November 2020 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.***

1.2 Subsequent Closing Date(s). *If the Offer is extended and:*

- (a) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or*

(b) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days' prior notice in writing before it may close the Offer.

1.3 No Obligation to Extend the Offer. The Offeror is not obliged to extend the Offer if the Minimum Acceptance Condition as set out in Section 2.5 of this Offer Document is not fulfilled by the Closing Date.

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

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

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

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

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

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

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

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

1.6 Revision. The Offeror does not intend to revise the Offer Price or any other terms of the Offer save as for the right to do so in a competitive situation. Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who have previously accepted the Offer."

The Offer is made subject to the terms and conditions as set out in the Offer Document. Appendix 1 to the Offer Document contains, *inter alia*, further details on: (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

2.5 PROCEDURES FOR ACCEPTANCE

The procedures for acceptance of the Offer are set out in Appendix 2 to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“1. THE OFFER

1.1 Depositors

- (a) **Depositors whose Securities Accounts are credited with Offer Shares.** *If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Offer Document together with a FAA. If you do not receive a FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by contacting CDP’s Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents.*

Acceptance. If you wish to accept the Offer, you should:

- (i) *complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in **Part A** of the FAA or the relevant section in the electronic form of the FAA, the number of Offer Shares in respect of which you wish to accept the Offer.*

(A) *If you:*

- (1) *do not specify such number; or*
- (2) *specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, by 5.30 p.m. (Singapore time) on the Closing Date,*

you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the “Free Balance” of your Securities Account on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date).

- (B) *if **paragraph 1.1(a)(i)(A)(2)** above applies and at the time of verification by CDP of the FAA on the Date of Receipt, there are outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (“Unsettled Buy Position”), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred to the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 5.30 p.m. on the Closing Date (“Settled Shares”), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Part A of the FAA or the relevant section of the electronic form of the FAA which have not yet been accepted pursuant to **paragraph 1.1(a)(i)(A)(2)** above, or the number of Settled Shares, whichever is less;*

- (ii) *if you are submitting the FAA in physical form, sign the FAA in accordance with this **Appendix 2** and the instructions printed on the FAA; and*

(iii) submit the completed FAA:

(A) **by post**, in the enclosed pre-addressed envelope at your own risk, to **SUPERIOR PARTNERS LIMITED** c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or

(B) **in electronic form**, via SGX's Investor Portal at <investors.sgx.com>,

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward the Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf and such Electronic Acceptances must be submitted not later than 5.30 p.m. (Singapore time) on the Closing Date. Such Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.

(b) **Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Offer Document together with a FAA. If you do not receive a FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents.

Acceptance. If you wish to accept the Offer in respect of such Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares:

(i) complete the FAA in accordance with **paragraph 1.1(a)** of this **Appendix 2** and the instructions printed on the FAA; and

(ii) submit the completed FAA:

(A) **by post**, in the enclosed pre-addressed envelope at your own risk, to **SUPERIOR PARTNERS LIMITED** c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; or

(B) **in electronic form**, via SGX's Investor Portal at <investors.sgx.com>,

in each case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAA is delivered by post to the Offeror, please use the enclosed pre-addressed envelope which is enclosed with the FAA, which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

Rejection. If upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be credited to the “Free Balance” of your Securities Account (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, CICF and CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

If you purchase Offer Shares on the SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date), unless **paragraph 1.1(a)(i)(A)(2)** read together with **paragraph 1.1(a)(i)(B)** of this **Appendix 2** apply. If the Unsettled Buy Position does not settle by 5.30 p.m. on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. None of the Offeror, CICF and CDP accepts any responsibility or liability in relation to such a rejection, including the consequences thereof.

- (c) **Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only **AFTER** the “Free Balance” of your Securities Account has been credited with such number of Offer Shares.
- (d) **FAAs received on Saturday, Sunday and public holidays.** For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.
- (e) **General.** No acknowledgement will be given by CDP for submissions of FAAs. All communications, notices, documents and payments to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number in your Securities Account: (i) through CDP Online if you have registered for the CDP Internet Access Service; or (ii) through the CDP Phone Service using SMS OTP, under the option “To check your securities balance”.
- (f) **Blocked Balance.** Upon receipt of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to the “Blocked Balance” of your Securities Account. Such Offer Shares will be held in the “Blocked Balance” until the consideration for such Offer Shares has been despatched to you.
- (g) **Notification.** If you have accepted the Offer in accordance with the provisions contained in this **Appendix 2** and the FAA, upon the Offer becoming or being declared to be unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the aggregate Offer Price which will be credited directly into your designated bank account for Singapore Dollars via CDP’s Direct Crediting Service (“**DCS**”) on the payment date as soon as practicable and in any event:

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

In the event you are not subscribed to CDP's DCS, any monies to be paid shall be credited to your Cash Ledger and subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein).

- (h) **Return of Offer Shares.** *In the event the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will return the aggregate number of Offer Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the "Free Balance" of your Securities Account as soon as possible but in any event within 14 days from the lapse or withdrawal of the Offer.*
- (i) **No Securities Account.** *If you do not have an existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.*

1.2 Holders of Offer Shares in Scrip Form

- (a) **Shareholders whose Offer Shares are not deposited with CDP.** *If you hold Offer Shares which are not deposited with CDP ("in scrip form"), you should receive this Offer Document together with a FAT. If you do not receive a FAT, you may obtain a copy of such FAT, upon production of satisfactory evidence that you are a Shareholder, from the Registrar at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623.*
- (b) **Acceptance.** *If you wish to accept the Offer, you should:*
 - (i) *complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. In particular, you must state in the FAT the number of Offer Shares in respect of which you wish to accept the Offer and state in the FAT the share certificate number(s) of the relevant share certificate(s). If you:*
 - (A) *do not specify such number in the FAT; or*
 - (B) *specify a number in the FAT which exceeds the number of Offer Shares represented by the share certificate(s) accompanying the FAT,*

you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT.
 - (ii) *sign the FAT in accordance with this **Appendix 2** and the instructions printed on the FAT; and*
 - (iii) *deliver:*
 - (A) *the completed and signed FAT;*

- (B) *the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register of Members of the Company as holding Offer Shares but you do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the Constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this Offer Document and the FAT; and*
- (C) *where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror, or any person nominated in writing by the Offeror or a person authorised by either); and*
- (D) *any other relevant document(s),*

either:

- (1) **by hand**, to **SUPERIOR PARTNERS LIMITED** c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
- (2) **by post**, in the enclosed pre-addressed envelope at your own risk, to **SUPERIOR PARTNERS LIMITED** c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623.

in either case so as to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date. If the completed and signed FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope, which is not pre-paid for posting. It is your responsibility to affix adequate postage on the said envelope.

- (c) **Receipt.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Offeror, CICF or the Registrar.
- (d) **FATs received on Saturday, Sunday and public holidays.** For the avoidance of doubt, FATs received by the Offeror, CICF and/or the Registrar on a Saturday, Sunday or public holiday in Singapore will only be processed and validated on the next Business Day.
- (e) **Return of Offer Shares.** In the event the Offer (i) is not made or (ii) if and when made, does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you by ordinary post to the address stated in the FAT or if none is stated, to you (or in the case of joint accepting Shareholders, to the one first named in the Register) by ordinary post at the relevant address maintained in the Register, at your own risk as soon as possible but in any event within 14 days from the lapse or withdrawal of the Offer or the announcement by CICF for and on behalf of the Offeror that the Offer will not be made (as the case may be)

2. GENERAL

- 2.1 Disclaimer.** *The Offeror, CICF, CDP and/or the Registrar will be authorised and entitled, at their sole and absolute discretion, to reject any acceptance of the Offer through the FAA and/or the FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Offer Document and the relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality, or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the relevant Acceptance Forms are properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance will be final and binding and none of the Offeror, CICF, CDP or the Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.*
- 2.2 Discretion.** *The Offeror and CICF each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated in this Offer Document or in the FAA and FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Offer Document and the FAA and FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Offeror, CICF, CDP and/or the Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.*
- 2.3 Scripless and Scrip Offer Shares.** *If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this Appendix 2 and the respective Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.*
- 2.4 Deposit Time.** *If you hold Offer Shares in scrip form, the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer if you were to deposit your share certificate(s) with CDP after the Despatch Date. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in Paragraph 1.2 of this Appendix 2.*
- 2.5 Correspondences.** *All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or, in the case of scripholders, your designated agent or, in the case of joint accepting Shareholders who have not designated any agent, to the one first named in the Register of Members of the Company) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Registrar, as the case may be, at the risk of the person entitled thereto.*
- 2.6 Evidence of Title.** *Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, CICF, CDP and/or the Registrar, to the Offeror, CICF, CDP and/or the Registrar, shall be conclusive evidence in favour of the Offeror, CICF, CDP and/or the Registrar of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.*
- 2.7 Loss in Transmission.** *The Offeror, CICF, CDP and/or the Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or FAT.*
- 2.8 Acceptances Irrevocable.** *Except as expressly provided in this Offer Document and the Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.*

2.9 Personal Data Privacy. *By completing and delivering a FAA and/or FAT, each person: (a) consents to the collection, use and disclosure of his personal data by the Offeror, CICF, CDP, the Registrar, the Company, CPF Board, and the SGX-ST (collectively, the “Relevant Persons”) for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, listing rules, regulations and/or guidelines; and (c) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.”*

2.6 CLOSING DATE

Shareholders should note the Closing Date of 5:30 p.m. (Singapore time) on 3 November 2020 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. INFORMATION ON THE OFFEROR

3.1. THE OFFEROR

Section 6 of the Offer Document sets out certain information on the Offeror, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“6. INFORMATION ON THE OFFEROR

6.1 The Offeror. *The Offeror is a company incorporated in the British Virgin Islands on 2 January 2014. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$1,000 comprising 1,000 ordinary shares, of which 100% is held by Dr. Du Junhong.

As at the Latest Practicable Date, the sole director of the Offeror is Dr. Du Junhong.

As at the Latest Practicable Date, the Offeror does not hold any Shares. However, as at the Latest Practicable Date, Dr. Du Junhong has a deemed interest in 6,951,431 Shares, representing approximately 19.72% of the total number of issued Shares, as follows:

- (a) 5,981,859 Shares held by Longdu Investment Limited, through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director;*
- (b) 938,072 Shares held by Longpartner Investment Limited, of which he has a shareholding interest of 27.78%. The remaining shareholders of Longpartner Investment Limited are Mr. Tao Qiang (a Founder and currently an executive director of the Company) and Mr. Tang Jiping (a Founder of the Company). The directors of Longpartner Investment Limited are Dr. Du Junhong and Mr. Tao Qiang; and*
- (c) 31,500 Shares held in trust by Triple Bonus Investment Pte. Limited on his behalf. The shareholders of Triple Bonus Investment Pte. Limited are Ms. Liu Rong and Mr. Tang Xiaoxun. The directors of Triple Bonus Investment Pte. Limited are Mr Tang Xiaoxun and Mr. Tan Gek Hua (a resident director). For completeness, Triple Bonus Investment Pte. Limited holds a total of 101,137 Shares, representing 0.29% of the issued share capital of the Company.*

6.2 The Offeror and its Concert Parties. *As at the Latest Practicable Date, the Offeror does not hold any Shares. Each of the Founders (and their respective Founder SPV) and Triple Bonus Investment Pte. Limited (which holds Shares on trust for the benefit of inter alia Dr. Du as described in section 6.1 above) is deemed to be a Concert Party of the Offeror for the purposes of this Offer for the following reasons:*

- (i) *Dr. Du Junhong is the sole shareholder and director of the Offeror;*
- (ii) *Mr. Tao Qiang is a shareholder and director of Longpartner Investment Limited, of which Dr. Du Junhong is also a shareholder and director. Mr. Tao Qiang is also an executive director of the Company;*
- (iii) *Mr. Deng Hua is a non-executive director of the Company; and*
- (iv) *each Founder has been involved in the establishment of the Company and as mentioned above, has remained as a shareholder of the Company since its establishment and up to the Latest Practicable Date.”*

3.2. FURTHER INFORMATION

Additional information on the Offeror extracted from Appendix 3 to the Offer Document is set out in **Appendix 3** to this Circular.

4. IRREVOCABLE UNDERTAKINGS

4.1 IRREVOCABLE UNDERTAKINGS TO ACCEPT THE OFFER

Section 5 of the Offer Document sets out certain information relating to the Irrevocable Undertakings received by the Offeror, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“5. IRREVOCABLE UNDERTAKINGS

5.1 Irrevocable Undertakings. *As at the Offer Announcement Date, the Offeror has received irrevocable undertakings (“**Irrevocable Undertakings**”) from the following Shareholders in respect of an aggregate 9,745,287 Shares (comprising 27.65% of the issued Shares):*

- (a) *Dr. Du Junhong in respect of 5,981,859 Shares held by Longdu Investment Limited (“**Longdu Company Shares**”) through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director. Dr Du Junhong is also the sole shareholder and director of the Offeror. In this connection, Dr. Du Junhong has also irrevocably undertaken that he will waive and/or procure the waiving of his/its rights under Rule 30 of the Code to receive any cash settlement or payment in respect of all the Longdu Company Shares to be tendered in acceptance of the Offer within the time period prescribed under Rule 30 of the Code, and he will accept and procure acceptance of the payment by the Offeror of the consideration for the Longdu Company Shares to be satisfied in full by the payment by the Offeror to Longdu Investment Limited or to the order of Longdu Investment Limited, the aggregate Offer Price payable by the Offeror pursuant to acceptance of the Offer in respect of all Longdu Company Shares (without any interest or other benefit whatsoever accruing thereon) on the date falling 12 months after the Offer is declared unconditional (“**Dr. Du Founder Arrangement**”);*
- (b) *Mr. Tao Qiang, one of the founders and an executive director of the Company, in respect of 938,072 Shares held by Longpartner Investment Limited, of which he has a shareholding interest of 69.96%;*

- (c) Mr. Deng Hua, one of the founders and non-executive director of the Company, and his son Mr. Deng Lirui, in respect of 888,479 Shares held by Mioniza Investments Limited through DBS Nominees Pte. Ltd., of which Mr. Deng Hua and Mr. Deng Lirui collectively own 100% and of which Mr. Deng Hua is the sole director;
- (d) Mr. Tang Jiping, one of the founders of the Company and who was previously appointed to the board of the Company from 1 February 2005 to December 2007, in respect of 528,859 Shares. Mr. Tang Jiping is also a shareholder of Longpartner Investment Limited, of which he has a shareholding interest of 9.26%;
- (e) Mr. Tang Xiaoxun, one of the founders of the Company, in respect of 783,779 Shares, held by Senung International Limited through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director;
- (f) Mr. Guan Yadong, one of the founders of the Company, in respect of 411,639 Shares, held by Atsou Investments Limited through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director; and
- (g) Mr. Fan Haitao, one of the founders of the Company, in respect of 212,600 Shares held by Bezest Investments Limited through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director,

(Dr. Du Junhong, Mr. Tao Qiang, Mr. Deng Hua, Mr. Tang Jiping, Mr. Tang Xiaoxun, Mr. Guan Yadong and Mr. Fan Haitao are collectively referred to as the “**Founders**”) under which each Founder has undertaken and/or agreed, inter alia, that:

- (i) he will accept or procure acceptance of the Offer in respect of the following Shares:
 - (1) all the Offer Shares he holds or is beneficially interested in through his respective Founder SPV (as the case may be), as at the date of the despatch of the Offer Document by no later than 5.00 p.m. (Singapore time) on the 28th day after the date of despatch of the Offer Document; and
 - (2) such additional Offer Shares as he may acquire after the date of despatch of the Offer Document and before the Offer closes by no later than 5.00 p.m. (Singapore time) on the third business day after he becomes the registered holder/beneficial owner thereof;

(collectively, the “**Relevant Shares**”), and
- (ii) unless the Offer lapses, is withdrawn or fails to become or be declared unconditional by the closing date of the Offer, he will not and will procure the registered holder of the Relevant Shares shall not:
 - (1) withdraw his/its acceptance even though he/it may become entitled to withdraw under the rules of the Code or any provision in the Offer Document;
 - (2) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in the Relevant Shares to any person except to the Offeror pursuant to the Offer;
 - (3) acquire any Shares or any interest in any Shares for his/its beneficial account, other than Shares or an interest in Shares deriving from the Relevant Shares;

- (4) *accept any other offer in respect of any of the Relevant Shares (whether it is conditional or unconditional and irrespective of the means by which it is to be implemented); or*
- (5) *enter into any agreement or arrangement or incur any obligation or give any indication of intent that might impede or restrict his/its obligations under his/its undertaking or otherwise frustrate the Offer or its implementation.*

5.2 Aggregate acceptances under the Irrevocable Undertakings. *The Founders have undertaken to accept the Offer in respect of an aggregate of 9,745,287 Offer Shares representing 27.65% of the total number of Shares and any additional Offer Shares as each of them may acquire after the Despatch Date and before the Offer closes. Details of the Founders and the number of Relevant Shares to be tendered in acceptance of the Offer by each of them pursuant to their respective Irrevocable Undertakings are set out in paragraph 3 of Appendix 5 to this Offer Document.*

5.3 Termination of the Irrevocable Undertakings. *The Irrevocable Undertakings will cease and terminate if (a) the Offer Announcement is not released by 30 September 2020; (b) the Offer lapses or is withdrawn; or (c) fails to become or be declared to be unconditional in all respects for whatever reason other than as a result of a breach of any of the obligations under the Irrevocable Undertakings. In respect of (a), the Offer Announcement was released on 16 September 2020.*

For the avoidance of doubt, the Founders will NOT have the right to terminate their respective Irrevocable Undertakings on the basis that another offer for the Shares has been made (even if the price offered for the Shares is higher than the Offer Price).

5.4 SIC confirmation. *The SIC has confirmed that the Irrevocable Undertakings and the founder arrangements (in this case the Dr. Du Founder Arrangement) under Section 5.1 of this Offer Document do not constitute special deals for the purposes of Rule 10 of the Code.*

5.5 No other undertakings. *Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any of the Concert Parties has received any undertakings from any other party to accept or reject the Offer.*

5.6 Available for inspection. *Copies of the Irrevocable Undertakings are available for inspection during the Offer Period at the office of CICF at 9 Raffles Place, #22-06 Republic Plaza I, Singapore 048619, during normal business hours."*

4.2 FURTHER DETAILS

Further details of the Irrevocable Undertakings are set out in paragraph 3 of Appendix 5 to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"3. IRREVOCABLE UNDERTAKINGS

Details of the Founders and the number of Relevant Shares to be tendered in acceptance of the Offer by each of them pursuant to their respective Irrevocable Undertakings are as follows:

Name of Founder	No. of Relevant Shares	Percentage of total number of Shares⁽¹⁾ (%)	Amount of consideration deferred under the Dr Du Founder Arrangement (S\$)
<i>Dr. Du Junhong</i>	<i>5,981,859</i>	<i>16.97</i>	<i>3,589,115.40</i>
<i>Mr. Tao Qiang</i>	<i>938,072</i>	<i>2.66</i>	<i>Not applicable</i>
<i>Mr. Deng Hua</i>	<i>888,479</i>	<i>2.52</i>	<i>Not applicable</i>
<i>Mr. Tang Jiping</i>	<i>528,859</i>	<i>1.50</i>	<i>Not applicable</i>
<i>Mr. Tang Xiaoxun</i>	<i>783,779</i>	<i>2.22</i>	<i>Not applicable</i>
<i>Mr. Guan Yadong</i>	<i>411,639</i>	<i>1.17</i>	<i>Not applicable</i>
<i>Mr. Fan Haitao</i>	<i>212,600</i>	<i>0.60</i>	<i>Not applicable</i>

Note:

(1) *Calculated as a percentage of the total number of 35,244,520 Shares (excluding 4,421,875 treasury shares) in issue as at the Latest Practicable Date. Percentage figures are rounded to the nearest two decimal places.*

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

The full text of the rationale for the Offer and the Offeror's intentions for the Company has been extracted from Sections 8 and 9 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully and note the Offeror's future plans for the Company.**

"8. RATIONALE FOR THE OFFER

8.1 Intention to delist and privatise the Company

The Offeror intends to make the Offer with a view to delist and privatise the Company.

The Company had disposed of its (i) 100% interest in Mobell Technology Pte. Ltd. in 2014, (ii) 14.68% interest in Shanghai Tricheer Technology Co., Limited in 2014 and (iii) 21.89% interest in Mentech Investment Limited in 2016 (collectively, "Disposals"). In connection with the Disposals, the Company had in 2014 and 2016 declared and paid special dividends in the aggregate amount of S\$3.262 per Share (after the consolidation of ten (10) Shares into one (1) Share in 2015) to Shareholders. As a result of the Disposals, the remaining main business of the Company is its commercial property investment in Xi'an, China. In 2019, the Company acquired 80% equity interest in Shanghai Xiyun Information Technology Co., Ltd. providing professional and investment consultancy services in Shanghai, China. While the Company does not expect the on-going global coronavirus pandemic ("COVID-19") to materially affect the Group's businesses, the COVID-19 is an evolving issue and is expected to affect business and economic activities worldwide. As such, the long-term impact of COVID-19 on the general business sentiments and outlook in China remains uncertain and it remains to be determined the eventual impact of COVID-19 on the businesses of the Group.

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

Company and its subsidiaries in responding to any changes in the uncertain economic environment which may result from the ongoing COVID-19 as set out above as well as to achieve greater efficiency and competitiveness.

8.2 Opportunity for Shareholders to realise their investment in the Shares at a premium

The Offer Price is at a premium above the historical market prices of the Shares over the last 12-month period up to prior to the Offer Announcement Date. The Offer Price represents an approximately 39.53% premium above the closing price of the Shares on the Last Trading Day, and an approximately 60.86%, 61.73%, 61.29% and 25.26% premium above the VWAP per Share for the one-month, three-month, six-month and 12-month period prior to and including the Last Trading Day, respectively. The Offer Price exceeds the highest closing price of the Shares over the past 36 months preceding the Last Trading Day.

Against the backdrop of the uncertain economic environment caused by the COVID-19, Shareholders who tender their Shares pursuant to the Offer will have an opportunity to realise their investment in the Shares for a cash consideration at a premium above the prevailing market share prices, without incurring any brokerage and other trading costs.

8.3 Opportunity for Shareholders to exit their entire investment in the Company, which may otherwise be difficult due to the low trading liquidity of the Shares

The trading liquidity of the Shares has been low. The ADTV of the Shares for the one-month, three-month, six-month and 12-month periods prior to and including the Last Trading Day are set out in the table below:

	ADTV⁽¹⁾	ADTV as a percentage of total number of issued Shares⁽²⁾
One-month period prior to and including the Last Trading Day	3,633 Shares	0.010%
Three-month period prior to and including the Last Trading Day	2,150 Shares	0.006%
Six-month period prior to and including the Last Trading Day	8,638 Shares	0.025%
12-month period prior to and including the Last Trading Day	13,676 Shares	0.039%

Notes:

- (1) The ADTV is calculated based on the total trading volume of the Shares for the respective relevant periods, as extracted from Bloomberg L.P. as at the Last Trading Day, divided by the number of market days during the respect relevant periods prior to and including the Last Trading Day.
- (2) Calculated by expressing ADTV of Shares traded as a percentage of the Company's total number of 35,244,520 issued Shares (excluding 4,421,875 treasury shares). The percentage figures are rounded to the nearest three decimal places.

The low trading liquidity may not provide Shareholders with sufficient opportunity to efficiently divest their entire investments in the Company. Hence, the Offer represents a cash exit opportunity for Shareholders to liquidate and realise up to their entire investment at a premium above the historical market share prices, an opportunity which may not otherwise be readily available due to the low trading liquidity of the Shares.

8.4 Compliance costs of maintaining listing status

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

9. OFFEROR'S INTENTIONS RELATING TO THE COMPANY

The Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. The Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which it may regard to be in the interests of the Company.

*The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company on the Main Board of the SGX-ST. Accordingly, **the Offeror, if and when entitled upon the satisfaction of the Minimum Acceptance Condition, intends to exercise its rights of compulsory acquisition under Section 102 or Section 103 of the Bermuda Companies Act and, pending completion of such compulsory acquisition, does not intend to take any steps for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of Shares in issue and held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.***

Save as disclosed above, the Offeror presently has no intention to (a) introduce any major changes to the existing businesses or operations of the Group, (b) re-deploy any of the fixed assets of the Group, or (c) discontinue the employment of any of the existing employees of the Group, in each case, other than in the ordinary course of business."

6. COMPULSORY ACQUISITION AND LISTING STATUS

Section 10 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and compulsory acquisition, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

"10. COMPULSORY ACQUISITION AND LISTING STATUS

10.1 Compulsory Acquisition. *The Company is incorporated in Bermuda. Under Section 102 of the Bermuda Companies Act:*

- (a) where an offeror has within four (4) months after the making of an offer under a scheme or contract involving the transfer of shares, obtained acceptances from shareholders holding not less than nine-tenths in value of the shares in a Bermuda-incorporated company ("**Target**") whose transfer is involved (other than shares already held, at the date of the offer, by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries); and*
- (b) where, at the date of the offer, shares in the Target whose transfer is involved, are already held by the offeror, the offeror's subsidiaries, and nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the Target, such accepting shareholders also represent not less than 75% in number of the holders of such shares (other than shares already held as at the date of the offer, by the offeror, the offeror's subsidiaries, and nominees of*

the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

(“**Approval Threshold**”), the offeror may at any time within two (2) months beginning from the date on which the Approval Threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares (“**Acquisition Notice**”). When such Acquisition Notice is given, upon the expiry of one (1) month from the date on which the notice was given, the offeror shall be entitled and bound to acquire those shares on the same terms as the offer (unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda (“**Court**”) within one (1) month from the date on which the notice was given and the Court thinks fit to order otherwise).

Section 102(2) of the Bermuda Companies Act provides that where, pursuant to such a scheme or contract, shares in the Target are transferred to an offeror or its nominee, and those shares together with any other shares in the Target held by, or by a nominee for, the offeror or its subsidiary at the date of the transfer comprise nine-tenths in value of the shares in the Target, the offeror must within one (1) month from the date of the transfer give notice of that fact to the dissenting shareholder(s) of the Target, and any such shareholder may within three (3) months from the giving of the said notice to him, give notice (an “**Offeree Notice**”) requiring the offeror to acquire his shares in the Target. Where a dissenting shareholder gives an Offeree Notice with respect to any shares in the Target, the offeror shall be entitled and bound to acquire those shares on the same terms of the original offer (or on such other terms as may be agreed or as the Court, on the application of either the offeror or the dissenting shareholder, thinks fit to order).

Under Section 103 of the Bermuda Companies Act, the holders of not less than 95% of the shares in a Bermuda-incorporated company (“**Purchasers**”) may give notice (“**Section 103 Acquisition Notice**”) to the remaining shareholders of the intention to acquire their shares on the terms set out in the Section 103 Acquisition Notice. When such Section 103 Acquisition Notice is given, the Purchasers shall be entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the Section 103 Acquisition Notice unless a remaining shareholder applies to the Court to have the Court appraise the value of such shares.

The Offeror intends to make the Company its wholly-owned subsidiary. **Accordingly, if entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 102 or Section 103 of the Bermuda Companies Act.**

Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice.

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

Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue excluding treasury shares is at all times held by the public (“**Free Float Requirement**”). In addition, under Rule 724(1)

of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST. If the Company does not meet the Free Float Requirement under Rule 723 of the Listing Manual, the SGX-ST may suspend trading of the Shares on the SGX-ST following the close of the Offer for such three (3) month period or such longer period as the SGX-ST may agree.

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.”

Shareholders and investors are to note that where the Offeror decides not to maintain the listing status of the Company on the SGX-ST after the Company loses its public float, the SGX-ST will consider whether to grant a waiver of compliance imposed on a voluntary delisting under Rule 1307 of the Listing Manual.

If the waiver is not granted and the Company wishes to undertake a voluntary delisting, it will need to do so in accordance with Rule 1307 of the Listing Manual. In the event the Company is unable to meet the conditions for a voluntary delisting, the Company will be obliged to comply with the Listing Manual, including the requirement to restore its public float (through private placement or otherwise).

Shareholders and investors should note there is the risk that the Company may be subject to prolonged suspension should the free float be lost but the requisite conditions for a delisting are not met.

7. **FINANCIAL EVALUATION OF THE OFFER**

Section 11 of the Offer Document sets out certain information on the financial evaluation of the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“11. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over certain historical market prices of the Shares as set out below:

Description	Share Price⁽¹⁾ (S\$)	Premium of Offer Price over Share Price⁽²⁾ (%)
(a) Last traded price of the Shares on the SGX-ST on the Last Trading Day	0.430	39.53%
(b) VWAP for the one-month period up to and including the Last Trading Day	0.373	60.86%
(c) VWAP for the three-month period up to and including the Last Trading Day	0.371	61.73%
(d) VWAP for the six-month period up to and including the Last Trading Day	0.372	61.29%
(e) VWAP for the 12-month period up to and including the Last Trading Day	0.479	25.26%

Notes:

- (1) *Based on data extracted from Bloomberg L.P. as at the Last Trading Day, rounded to the nearest three decimal places.*
- (2) *The percentage figures are rounded to the nearest two decimal places.”*

8. DISCLOSURES

Section 12 of the Offer Document sets out certain information relating to the disclosure of shareholdings and dealings, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“12. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

12.1 *Holdings and Dealings in the Company Securities.* *As at the Latest Practicable Date, the Offeror and its Concert Parties collectively own or control an aggregate of 9,846,424 Shares, representing approximately 27.94% of the total number of Shares. Save as disclosed in this Offer Document (in particular, but without limitation, in Appendix 5 to this Offer Document), and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, none of the Offeror and its Concert Parties:*

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

As at the Latest Practicable Date, based on the latest information available to the Offeror and save as disclosed in this Offer Document, Dr. Du Junhong (the sole director of the Offeror) is not interested, directly or indirectly, in any Company Securities.

12.2 *Other Arrangements in the Company Securities.* *Save as disclosed in this Offer Document (in particular, but without limitation, in Appendix 5 to this Offer Document), and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, none of the Offeror and its Concert Parties has:*

- (a) *entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;*
- (b) *received any irrevocable commitment (other than the Irrevocable Undertakings) to accept or reject the Offer in respect of any Company Securities;*
- (c) *granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;*
- (d) *borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold), or*
- (e) *lent any Company Securities to another person.”*

9. CONFIRMATION OF FINANCIAL RESOURCES

Section 13 of the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“13. CONFIRMATION OF FINANCIAL RESOURCES

CICF, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer for the Offer Shares in cash on the basis of the Offer Price, excluding the aggregate Offer Price in respect of the Longdu Company Shares which are the subject of the Dr. Du Founder Arrangement.”

10. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Shares and shares in the Offeror as at the Latest Practicable Date are set out in **Appendix 2** to this Circular.

11. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

11.1 INDEPENDENCE OF DIRECTORS

All the Independent Directors are considered independent for the purposes of making a recommendation to Shareholders in relation to the Offer.

The SIC has ruled, *inter alia*, on 2 September 2020 that Mr. Du Junqi, Mr. Tao Qiang and Mr. Deng Hua are exempted from the requirement to make a recommendation on the Offer to Shareholders as each of them (Mr. Du Junqi being the brother of the sole shareholder of the Offeror, and Mr. Tao Qiang and Mr. Deng Hua each having provided Irrevocable Undertakings in respect of their Shares) faces, or may reasonably be perceived to face, an irreconcilable conflict of interest, that would render it inappropriate for each of them to make a recommendation on the Offer to Shareholders.

However, the parties mentioned in this Section 11.1 must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

11.2 THE INDEPENDENT FINANCIAL ADVISER AND THE IFA LETTER

Novus Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser to the Independent Directors in respect of the Offer.

Shareholders should read and consider carefully the advice of NCF to the Independent Directors in respect of the Offer as set out in the IFA Letter and the recommendation of the Independent Directors in their entirety before deciding whether to accept or reject the Offer. The IFA Letter is reproduced in **Appendix 1** to this Circular.

11.3 ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS ON THE OFFER

Based on NCF's evaluation and assessment of the financial terms of the Offer, NCF has made its opinion and advice in respect of the Offer as set out in Section 8 of the IFA Letter and reproduced in italics below. The opinion and advice set out below should be considered and read by Shareholders in conjunction with, and in the context of, the full text of the IFA Letter. Shareholders should read the following extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the IFA Letter.

“8.1 Our Opinion

In arriving at our opinion on the financial terms of the Offer, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (a) the Group’s revenue increased from approximately RMB12.2 million in FY2018 to approximately RMB12.8 million in FY2019 and to approximately RMB20.6 million in FY2020. However, the Group’s net profit attributable to owners of the Company decreased from approximately RMB9.1 million in FY2018 to approximately RMB6.6 million in FY2019 and to approximately RMB1.5 million in FY2020;*
- (b) the Offer Price (i) exceeds the highest closing price of S\$0.570 per Share for the 3-year period prior to and including the Last Trading Day, (ii) represents a premium of approximately 25.4%, 61.5%, 61.7% and 60.8% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (iii) represents a significant premium of approximately 39.5% over the closing price of the Shares of S\$0.430 on the Last Trading Day, (iv) represents a premium of approximately 2.2% over the VWAP of the Shares of S\$0.5870 for the period after the Offer Announcement and up to the Latest Practicable Date, and (v) represents a premium of approximately 2.6% over the closing price of the Shares of S\$0.585 on the Latest Practicable Date;*
- (c) the Shares had generally underperformed the FTSE China Index and the FTSESC Index during the one-year period prior to and including the Last Trading Day, and the closing prices of the Shares had increased by approximately 36.0% while the FTSE China Index and the FTSESC Index had increased by approximately 7.5% and 0.1% respectively between the Last Trading Day and the Latest Practicable Date;*
- (d) the Offer Price represents (i) a significant discount of approximately 29.6% to the audited NAV per Share as at 30 June 2020 and would value the Group at a P/NAV ratio of 0.70 times, and (ii) a discount of approximately 8.6% to the Adjusted NAV per Share as at 30 June 2020 and would value the Group at a P/Adjusted NAV ratio of 0.91 times;*
- (e) the Ex-Cash Offer Price represents (i) a significant discount of approximately 45.5% to the Ex-Cash NAV per Share as at 30 June 2020 and would value the Group at an Ex-Cash P/NAV ratio of 0.54 times, and (ii) a discount of approximately 15.8% to the Ex-Cash Adjusted NAV per Share as at 30 June 2020 and would value the Group at an Ex-Cash P/Adjusted NAV ratio of 0.84 times;*
- (f) the P/NAV multiple of 0.70 times as implied by the Offer Price is (i) above the average historical trailing P/NAV multiples of the Shares of 0.56 times, 0.51 times, 0.52 times and 0.51 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) close to the average historical trailing P/NAV multiple of the Shares of 0.69 times for the period after the Offer Announcement and up to the Latest Practicable Date;*
- (g) the Ex-Cash P/NAV multiple of 0.54 times as implied by the Ex-Cash Offer Price is (i) significantly above the average historical trailing Ex-Cash P/NAV multiples of the Shares of 0.32 times, 0.26 times, 0.28 times and 0.24 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) marginally above the average historical trailing Ex-Cash P/NAV multiple of the Shares of 0.52 times for the period after the Offer Announcement and up to the Latest Practicable Date;*

- (h) *in respect of the Comparable Companies:*
- (i) *the LTM P/E ratio of the Company of 70.4 times (as implied by the Offer Price) is:*
- (aa) *(1) within the range of LTM P/E ratios of the Investment Property Comparables of between 6.1 times and 93.9 times, and (2) significantly above the mean and median LTM P/E ratios of the Investment Property Comparables of 35.5 times and 6.5 times respectively;*
- (bb) *(1) above the range of LTM P/E ratios of the Professional Services Comparables of between 9.9 times and 14.4 times, and (2) significantly above the mean and median LTM P/E ratios of the Professional Services Comparables of 12.2 times and 12.2 times respectively;*
- (ii) *the Ex-Cash LTM P/E ratio of the Company of 35.5 times (as implied by the Ex-Cash Offer Price) is:*
- (aa) *(1) within the range of Ex-Cash LTM P/E ratios of the Investment Property Comparables of between 0.8 times and 54.0 times, and (2) significantly above the mean and median Ex-Cash LTM P/E ratios of the Investment Property Comparables of 20.3 times and 6.1 times respectively;*
- (bb) *(1) above the range of Ex-Cash LTM P/E ratios of the Professional Services Comparables of between 8.1 times and 14.4 times, and (2) significantly above the mean and median Ex-Cash LTM P/E ratios of the Professional Services Comparables of 11.3 times and 11.3 times respectively;*
- (iii) *the LTM EV/EBITDA ratio of the Company of 16.7 times (as implied by the Offer Price) is:*
- (aa) *(1) above the range of LTM EV/EBITDA ratios of the Investment Property Comparables of between 0.5 times and 13.8 times, and (2) significantly above the mean and median LTM EV/EBITDA ratios of the Investment Property Comparables of 7.2 times and 7.2 times respectively;*
- (bb) *(1) within the range of LTM EV/EBITDA ratios of the Professional Services Comparables of between 4.8 times and 53.8 times, (2) below the mean LTM EV/EBITDA ratio of the Professional Services Comparables of 21.4 times, and (3) significantly above the median LTM EV/EBITDA ratio of the Professional Services Comparables of 5.5 times;*
- (iv) *the P/NAV ratio of the Company of 0.70 times (as implied by the Offer Price) is:*
- (aa) *(1) above the range of P/NAV ratios of the Investment Property Comparables of between 0.12 times and 0.40 times, and (2) significantly above the mean and median P/NAV ratios of the Investment Property Comparables of 0.24 times and 0.21 times respectively;*
- (bb) *(1) below the range of P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median P/NAV ratios of the Professional Services Comparables of 2.19 times and 2.02 times respectively;*

- (v) *the Ex-Cash P/NAV ratio of the Company of 0.54 times (as implied by the Ex-Cash Offer Price) is:*
 - (aa) *(1) above the range of Ex-Cash P/NAV ratios of the Investment Property Comparables of between 0.04 times and 0.28 times, and (2) significantly above the mean and median Ex-Cash P/NAV ratios of the Investment Property Comparables of 0.16 times and 0.16 times respectively;*
 - (bb) *(1) below the range of Ex-Cash P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median Ex-Cash P/NAV ratios of the Professional Services Comparables of 2.39 times and 2.62 times respectively;*
- (vi) *the P/Adjusted NAV ratio of the Company of 0.91 times (as implied by the Offer Price) is:*
 - (aa) *(1) above the range of P/NAV ratios of the Investment Property Comparables of between 0.12 times and 0.40 times, and (2) significantly above the mean and median P/NAV ratios of the Investment Property Comparables of 0.24 times and 0.21 times respectively;*
 - (bb) *(1) at the lower end of the range of P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median P/NAV ratios of the Professional Services Comparables of 2.19 times and 2.02 times respectively; and*
- (vii) *the Ex-Cash P/Adjusted NAV ratio of the Company of 0.84 times (as implied by the Ex-Cash Offer Price) is:*
 - (aa) *(1) above the range of Ex-Cash P/NAV ratios of the Investment Property Comparables of between 0.04 times and 0.28 times, and (2) significantly above the mean and median Ex-Cash P/NAV ratios of the Investment Property Comparables of 0.16 times and 0.16 times respectively; and*
 - (bb) *(1) below the range of Ex-Cash P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median Ex-Cash P/NAV ratios of the Professional Services Comparables of 2.39 times and 2.62 times respectively.*

As the bulk of the Group's net assets as at 30 June 2020 was mainly attributable to its property investment segment, we are of the view that it would be more meaningful to compare the P/NAV, Ex-Cash P/NAV, P/Adjusted NAV and Ex-Cash P/Adjusted NAV ratios of the Group (as implied by the Offer Price and/or the Ex-Cash Offer Price, as the case may be) vis-à-vis the relevant NAV ratios of the Investment Property Comparables rather than the Professional Services Comparables;

- (i) *in respect of the Precedent Privatisations:*
 - (i) *the premium of approximately 39.5% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of the Precedent Privatisations of between a discount of 1.5% and a premium of 195.0%, (bb) below the corresponding mean premium of the Precedent Privatisations of 48.4%, and (cc) above the corresponding median premium of the Precedent Privatisations of 34.9%;*
 - (ii) *the premium of approximately 60.8% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 0.0%*

and 266.7%, (bb) above the corresponding mean premium of the Precedent Privatisations of 50.6%, and (cc) significantly above the corresponding median premium of the Precedent Privatisations of 37.7%;

- (iii) the premium of approximately 61.7% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 4.5% and 267.5%, (bb) above the corresponding mean premium of the Precedent Privatisations of 54.0%, and (cc) significantly above the corresponding median premium of the Precedent Privatisations of 34.5%;
- (iv) the premium of approximately 61.5% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 5.7% and 267.5%, (bb) above the corresponding mean premium of the Precedent Privatisations of 54.6%, and (cc) significantly above the corresponding median premium of the Precedent Privatisations of 36.4%; and
- (v) the P/Adjusted NAV ratio of the Company of 0.91 times (as implied by the Offer Price) is (aa) within the range of offer price-to-NAV/NTA ratios of the Precedent Privatisations of between 0.28 times and 5.62 times, and (bb) below the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Privatisations of 1.18 times and 0.96 times respectively;
- (j) the Offer Price is final and the Offeror does not intend to revise the Offer Price;
- (k) as at the Latest Practicable Date, apart from the Offer being made by the Offeror, there is no publicly available evidence of any alternative offer for the Offer Shares from any third party; and
- (l) the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror holding such number of Shares carrying more than 90% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Offer.

Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are **fair and reasonable**.

In determining that the Offer is **fair**, we have considered the following pertinent factors:

- (i) the Offer Price (aa) exceeds the highest closing price per Share for the 3-year period prior to and including the Last Trading Day, (bb) represents a premium over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (cc) represents a significant premium over the closing price of the Shares on the Last Trading Day, (dd) represents a premium over the VWAP of the Shares for the period after the Offer Announcement and up to the Latest Practicable Date, and (ee) represents a premium over the closing price of the Shares on the Latest Practicable Date;
- (ii) although the Offer Price represents a significant discount to the audited NAV per Share as at 30 June 2020, the P/NAV multiple as implied by the Offer Price is above the average historical trailing P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day;

- (iii) *although the Ex-Cash Offer Price represents a significant discount to the Ex-Cash NAV per Share as at 30 June 2020, the Ex-Cash P/NAV multiple as implied by the Ex-Cash Offer Price is significantly above the average historical trailing Ex-Cash P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day; and*
- (iv) *although the Offer Price and the Ex-Cash Offer Price represent a significant discount to the audited NAV per Share and the Ex-Cash NAV per Share as at 30 June 2020 respectively, the Offer Price and the Ex-Cash Offer Price represent a significantly smaller discount to the Adjusted NAV per Share and the Ex-Cash Adjusted NAV per Share as at 30 June 2020 respectively.*

*In determining that the Offer is **reasonable**, we have considered the following pertinent factors:*

- (i) *the Group's net profit attributable to owners of the Company had been deteriorating from FY2018 to FY2020, notwithstanding the increase in revenue during this period;*
- (ii) *the Shares had generally underperformed the FTSE China Index and the FTSESC Index during the one-year period prior to and including the Last Trading Day, but had generally outperformed the FTSE China Index and the FTSESC Index between the Last Trading Day and the Latest Practicable Date;*
- (iii) *in respect of the Comparable Companies:*
 - (aa) *the LTM P/E ratio of the Company (as implied by the Offer Price) and the Ex-Cash LTM P/E ratio of the Company (as implied by the Ex-Cash Offer Price) are significantly above the mean and median LTM P/E ratios and Ex-Cash LTM P/E ratios respectively of both the Investment Property Comparables and the Professional Services Comparables;*
 - (bb) *although the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is below the mean LTM EV/EBITDA ratio of the Professional Services Comparables, it is significantly above the mean and median LTM EV/EBITDA ratios of the Investment Property Comparables and significantly above the median LTM EV/EBITDA ratio of the Professional Services Comparables;*
 - (cc) *the P/NAV ratio of the Company (as implied by the Offer Price) and the Ex-Cash P/NAV ratio of the Company (as implied by the Ex-Cash Offer Price) are significantly above the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Investment Property Comparables respectively, notwithstanding that they are significantly below the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Professional Services Comparables respectively; and*
 - (dd) *the P/Adjusted NAV ratio of the Company (as implied by the Offer Price) and the Ex-Cash P/Adjusted NAV ratio of the Company (as implied by the Ex-Cash Offer Price) are significantly above the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Investment Property Comparables respectively, notwithstanding that they are significantly below the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Professional Services Comparables respectively;*
- (iv) *in respect of the Precedent Privatisations, although the P/Adjusted NAV ratio of the Company (as implied by the Offer Price) is below the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Privatisations, the premia of the Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP, 3-month VWAP and 6-month VWAP of the Shares up to and including the Last Trading Day are generally above the corresponding mean and median premia of the Precedent Privatisations; and*

(v) as at the Latest Practicable Date, there is no alternative take-over offer for the Shares.

8.2 Our Advice

Accordingly, we advise the Independent Directors to recommend that Shareholders **accept** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purposes of the Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.”

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

11.4 RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having considered carefully the terms of the Offer and the opinion and advice given by NCF to the Independent Directors in the IFA Letter, **concur** with the advice of NCF in respect of the Offer. Accordingly, the Independent Directors recommend as follows:

- (a) **Shareholders should ACCEPT the Offer.**
- (b) **Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after taking into account the brokerage and related costs in connection with open market transactions).**

Shareholders are advised to read the terms and conditions of the Offer Document carefully. Shareholders are advised to read the full text of the IFA Letter set out in **Appendix 1** to this Circular and other relevant information set out in this Circular carefully before deciding whether to accept or reject the Offer. Shareholders should note that NCF’s advice to the Independent Directors in respect of the Offer should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept or reject the Offer.

Shareholders should note that trading of the Shares is subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice by NCF to the Independent Directors in respect of the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established beyond the Latest Practicable Date.

In preparing the above advice and giving the above recommendation, NCF and the Independent Directors have not had regard to any general or specific investment objectives, financial situations, tax positions, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and

profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice with regard to his Shares, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other appropriate professional adviser immediately.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders may accept the Offer in respect of all or any part of their holdings of Shares. Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. (Singapore time) on 3 November 2020** or such later date(s) as may be announced from time to time by or on behalf of the Offeror. There are different procedures for acceptance for Depositors whose Securities Accounts are or will be credited with Shares and for Shareholders who hold Shares which are not deposited with CDP. Shareholders who wish to accept the Offer should take note of the "Procedures for Acceptance of the Offer" set out in Appendix 2 to the Offer Document and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by the CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than the Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document and the FAA and/or FAT which have been sent to them.

13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 15 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

"15. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

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

CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who validly accept the Offer will receive payment in respect of their Offer Shares, in their CPF investment accounts.

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

SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks accordingly by the deadline stated in the letter from their respective SRS Agent Banks. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, SRS Investors who validly accept the Offer will receive payment in respect of their Offer Shares, in their SRS investment accounts."

14. OVERSEAS SHAREHOLDERS

Shareholders and Depositors holding Shares through CDP, whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be) (each, an “**Overseas Shareholder**”) should refer to Section 14 of the Offer Document extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“14. OVERSEAS SHAREHOLDERS

14.1 Overseas Jurisdictions. *This Offer Document, the Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

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

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

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

14.2 Overseas Shareholders. *The availability of the Offer to Overseas Shareholders and the ability of the Overseas Shareholders to accept the Offer may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions, and exercise caution in relation to the Offer, as this Offer Document has not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document or any part thereof to any overseas jurisdictions, the Offeror, CICF, CDP and the Registrar each reserves the right not to send this Offer Document or any part thereof to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom this Offer Document, the relevant Acceptance Forms and/or any related documents have not been, or may not be, sent.***

It is the responsibility of Overseas Shareholders who wish (a) to request for this Offer Document and/or the relevant Acceptance Forms; or (b) to accept the Offer, to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations,

CICF, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, CICF, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (i) requesting for this Offer Document and the relevant Acceptance Forms; and/or (ii) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror, CICF, CDP and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position, including (without limitation) the ability to accept the Offer, should consult his professional adviser(s) in the relevant jurisdiction.

14.3 Copies of the Offer Document and the relevant Acceptance Forms. *Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of this Offer Document, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from the CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents or the office of the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623.*

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror (a) Superior Partners Limited c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934 (if he is a Depositor), or (b) Singapore Superior Partners Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 (if he is a scripholder), to request for the Offer Document, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document and the relevant Acceptance Forms are available on the website of the SGX-ST at <https://www.sgx.com>.

14.4 Notice. *The Offeror and CICF each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST and if necessary, paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement."*

This Circular and any related documents have not been and will not be sent to any Overseas Shareholder who has not provided, and will not provide, the Company with an address within Singapore at which notices or documents may be served upon him. Any affected Overseas Shareholder may nonetheless, subject to compliance with applicable laws, (i) attend in person and obtain copies of this Circular during normal business hours and up to 5.30 p.m. on the Closing Date, from the office of the Corporate Secretarial Agent at Tricor HEP Corporate Services Pte. Ltd., c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898; (ii) write to the Corporate Secretarial Agent at the above-stated address to request for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date; or (iii) download a copy of this Circular from the website of the SGX-ST at www.sgx.com.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Save for: (a) **Appendices 1, 3 and 5** to this Circular; and (b) information extracted from the Offer Document, the Directors (including those who have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated in this Circular are fair and accurate and that no material facts have been omitted from this Circular (the omission of which would render any statement in this Circular misleading in any material respect), and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, from the Offer Document) or obtained from the Offeror, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

The recommendation of the Independent Directors to Shareholders set out in Section 11.4 of this Circular is the sole responsibility of the Independent Directors.

In respect of **Appendices 1 and 5** to this Circular, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate in all material respects.

16. ADDITIONAL INFORMATION

The attention of the Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully,

For and on behalf of the Board of
LCT HOLDINGS LIMITED

Koh Kew Siong
Non-Executive Independent Director

**LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RELATION
TO THE OFFER**

NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201723484W)

9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

20 October 2020

To: The Independent Directors of LCT Holdings Limited (the “**Company**”)
(in respect of the Offer (as defined below))

Ms. Lee Ying Shin
Mr. Koh Kew Siong
Mr. Mark Leong Kei Wei

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY CEL IMPETUS CORPORATE FINANCE PTE. LTD., FOR AND ON BEHALF OF SUPERIOR PARTNERS LIMITED, FOR THE OFFER SHARES

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 20 October 2020 (the “**Circular**”) issued by the Company to the shareholders of the Company (the “**Shareholders**”) shall have the same meanings herein.*

1. INTRODUCTION

On 16 September 2020 (the “**Offer Announcement Date**”), CEL Impetus Corporate Finance Pte. Ltd. (“**CICF**”) announced (the “**Offer Announcement**”), for and on behalf of Superior Partners Limited (the “**Offeror**”), that the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company including those owned, controlled or agreed to be acquired by the parties acting or presumed to be acting in concert with the Offeror (the “**Offer Shares**”) in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”) at an offer price of S\$0.60 in cash for each Offer Share (the “**Offer Price**”).

On 6 October 2020, CICF issued, for and on behalf of the Offeror, the offer document dated 6 October 2020 (the “**Offer Document**”) containing, *inter alia*, the terms and conditions of the Offer.

In connection with the Offer, Novus Corporate Finance Pte. Ltd. (“**NCF**”) has been appointed by the Company as the independent financial adviser (the “**IFA**”) to the directors of the Company (the “**Directors**”) who are considered independent for the purposes of making a recommendation to the Shareholders in respect of the Offer as required under the Code (the “**Independent Directors**”). This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation of the financial terms of the Offer and our opinion and advice thereon, and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long-term merits of the Offer or on the future prospects of the Company and its subsidiaries and associate (collectively, the “**Group**”) or the method and terms by which the Offer has been made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and advice as set out in this Letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders) or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information and representations, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular, provided by the management of the Company (the “**Management**”), the Directors and the Company’s solicitors and/or auditors (where relevant). We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary in assessing the information and representations provided to us and have found no reason to doubt the reliability of the information and representations.

We have relied upon the assurances of the Directors that, upon making all reasonable enquiries and to the best of their respective knowledge, information and belief, (a) all material information in connection with the Offer, the Company and/or the Group has been disclosed to us, (b) such information is true, complete and accurate in all material respects, and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and reaching our conclusion thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group in our evaluation of the Offer. We are not required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group. As such, we have relied on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any independent evaluation or appraisal of the assets and liabilities of the Group, except for the valuation report dated 30 September 2020 (the “**Valuation Report**”) by APAC Asset Valuation and Consulting Limited (the “**Independent Valuer**”) as commissioned by the Company for the purposes of an independent valuation of the Group’s investment property as at 30 June 2020.

Our analysis, opinion and advice as set out in this Letter are based on the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at, 13 October 2020 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time, and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should

further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax status, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for any Shareholder in deciding whether or not to accept the Offer.

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

Our opinion and advice in respect of the Offer, as set out in paragraph 8 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

On the terms and subject to the conditions set out in the Offer Document and the accompanying relevant forms of acceptance for the Offer, for and on behalf of the Offeror, CICF had made the Offer for all the Offer Shares in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and the Code on the following basis:

3.1. Offer Price

The consideration for each Offer Share is as follows:

For each Offer Share: S\$0.60 in cash

The Offer Price is final and the Offeror does not intend to revise the Offer Price or any other terms of the Offer, save that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code if a competitive situation arises.

3.2. Offer Shares

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

3.3. No Encumbrances

The Offer Shares are to be acquired (a) fully paid, (b) free from all claims, equities, mortgages, assignments, debentures, hypothecations, liens, charges, pledges, title retention, rights to acquire, security interests, options, pre-emptives or similar rights, rights of first refusal and any other encumbrance or condition of any nature whatsoever ("**Encumbrances**"), and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions declared, paid or made by the Company in respect of the Shares (collectively, the "**Distributions**") (if any), the Record Date for which falls on or after the Offer Announcement Date. For the purpose of the Offer Document, "**Record Date**" means, in relation to any Distributions, the date on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited (the "**CDP**"), as the case may be, in order to participate in such Distributions.

3.4. Adjustments for Distributions

Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution that may be declared, paid or made by the Company on or after the Offer Announcement Date. In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer (the “**Offer Settlement Date**”) falls:

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

3.5. Minimum Acceptance Condition

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

As at the latest practicable date of the Offer Document (i.e. 30 September 2020) (the “**Offer Document Latest Practicable Date**”), based on the information available to the Offeror, the Offeror does not own or control any Offer Shares. Further details on the aggregate number of the Offer Shares owned or controlled by the Offeror and the Concert Parties as at the Offer Document Latest Practicable Date are set out in section 6.2 of the Offer Document.

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

3.6. No Options Proposal

Based on the latest information available to the Offeror, there are no outstanding options to subscribe for new Shares granted under any employee share scheme of the Company (“**Options**”) as at the Offer Announcement Date. In view of the foregoing, the Offeror will not make an offer to acquire any Options.

3.7. Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.

3.8. Further Details of the Offer

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

4. IRREVOCABLE UNDERTAKINGS

The following information has been extracted from section 5 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“5. IRREVOCABLE UNDERTAKINGS

5.1 ***Irrevocable Undertakings.*** *As at the Offer Announcement Date, the Offeror has received irrevocable undertakings (“Irrevocable Undertakings”) from the following Shareholders in respect of an aggregate 9,745,287 Shares (comprising 27.65% of the issued Shares):*

- (a) *Dr. Du Junhong in respect of 5,981,859 Shares held by Longdu Investment Limited (“**Longdu Company Shares**”) through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director. Dr Du Junhong is also the sole shareholder and director of the Offeror. In this connection, Dr. Du Junhong has also irrevocably undertaken that he will waive and/or procure the waiving of his/its rights under Rule 30 of the Code to receive any cash settlement or payment in respect of all the Longdu Company Shares to be tendered in acceptance of the Offer within the time period prescribed under Rule 30 of the Code, and he will accept and procure acceptance of the payment by the Offeror of the consideration for the Longdu Company Shares to be satisfied in full by the payment by the Offeror to Longdu Investment Limited or to the order of Longdu Investment Limited, the aggregate Offer Price payable by the Offeror pursuant to acceptance of the Offer in respect of all Longdu Company Shares (without any interest or other benefit whatsoever accruing thereon) on the date falling 12 months after the Offer is declared unconditional (“**Dr. Du Founder Arrangement**”);*
- (b) *Mr. Tao Qiang, one of the founders and an executive director of the Company, in respect of 938,072 Shares held by Longpartner Investment Limited, of which he has a shareholding interest of 69.96%;*
- (c) *Mr. Deng Hua, one of the founders and non-executive director of the Company, and his son Mr. Deng Lirui, in respect of 888,479 Shares held by Mioniza Investments Limited through DBS Nominees Pte. Ltd., of which Mr. Deng Hua and Mr. Deng Lirui collectively own 100% and of which Mr. Deng Hua is the sole director;*
- (d) *Mr. Tang Jiping, one of the founders of the Company and who was previously appointed to the board of the Company from 1 February 2005 to December 2007, in respect of 528,859 Shares. Mr. Tang Jiping is also a shareholder of Longpartner Investment Limited, of which he has a shareholding interest of 9.26%;*
- (e) *Mr. Tang Xiaoxun, one of the founders of the Company, in respect of 783,779 Shares, held by Senung International Limited through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director;*

(f) Mr. Guan Yadong, one of the founders of the Company, in respect of 411,639 Shares, held by Atsou Investments Limited through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director; and

(g) Mr. Fan Haitao, one of the founders of the Company, in respect of 212,600 Shares held by Bevest Investments Limited through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director,

(Dr. Du Junhong, Mr. Tao Qiang, Mr. Deng Hua, Mr. Tang Jiping, Mr. Tang Xiaoxun, Mr. Guan Yadong and Mr. Fan Haitao are collectively referred to as the “**Founders**”) under which each Founder has undertaken and/or agreed, inter alia, that:

(i) he will accept or procure acceptance of the Offer in respect of the following Shares:

(1) all the Offer Shares he holds or is beneficially interested in through his respective Founder SPV (as the case may be), as at the date of the despatch of the Offer Document by no later than 5.00 p.m. (Singapore time) on the 28th day after the date of despatch of the Offer Document; and

(2) such additional Offer Shares as he may acquire after the date of despatch of the Offer Document and before the Offer closes by no later than 5.00 p.m. (Singapore time) on the third business day after he becomes the registered holder/beneficial owner thereof;

(collectively, the “**Relevant Shares**”), and

(ii) unless the Offer lapses, is withdrawn or fails to become or be declared unconditional by the closing date of the Offer, he will not and will procure the registered holder of the Relevant Shares shall not:

(1) withdraw his/its acceptance even though he/it may become entitled to withdraw under the rules of the Code or any provision in the Offer Document;

(2) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in the Relevant Shares to any person except to the Offeror pursuant to the Offer;

(3) acquire any Shares or any interest in any Shares for his/its beneficial account, other than Shares or an interest in Shares deriving from the Relevant Shares;

(4) accept any other offer in respect of any of the Relevant Shares (whether it is conditional or unconditional and irrespective of the means by which it is to be implemented); or

(5) enter into any agreement or arrangement or incur any obligation or give any indication of intent that might impede or restrict his/its obligations under his/its undertaking or otherwise frustrate the Offer or its implementation.

5.2 **Aggregate acceptances under the Irrevocable Undertakings.** The Founders have undertaken to accept the Offer in respect of an aggregate of 9,745,287 Offer Shares representing 27.65% of the total number of Shares and any additional Offer Shares as each of them may acquire after the Despatch Date and before the Offer closes. Details of the Founders and the number of Relevant Shares to be tendered in acceptance of the Offer by each of them pursuant to their respective Irrevocable Undertakings are set out in paragraph 3 of Appendix 5 to this Offer Document.

- 5.3 **Termination of the Irrevocable Undertakings.** *The Irrevocable Undertakings will cease and terminate if (a) the Offer Announcement is not released by 30 September 2020; (b) the Offer lapses or is withdrawn; or (c) fails to become or be declared to be unconditional in all respects for whatever reason other than as a result of a breach of any of the obligations under the Irrevocable Undertakings. In respect of (a), the Offer Announcement was released on 16 September 2020.*

For the avoidance of doubt, the Founders will NOT have the right to terminate their respective Irrevocable Undertakings on the basis that another offer for the Shares has been made (even if the price offered for the Shares is higher than the Offer Price).

- 5.4 **SIC confirmation.** *The SIC has confirmed that the Irrevocable Undertakings and the founder arrangements (in this case the Dr. Du Founder Arrangement) under Section 5.1 of this Offer Document do not constitute special deals for the purposes of Rule 10 of the Code.*
- 5.5 **No other undertakings.** *Save for the Irrevocable Undertakings, as at the Latest Practicable Date, neither the Offeror nor any of the Concert Parties has received any undertakings from any other party to accept or reject the Offer.”*

5. INFORMATION ON THE OFFEROR

The following information on the Offeror has been extracted from section 6 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document. Additional information on the Offeror is also set out in Appendix 3 to the Offer Document.

“6. INFORMATION ON THE OFFEROR

- 6.1 **The Offeror.** *The Offeror is a company incorporated in the British Virgin Islands on 2 January 2014. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$1,000 comprising 1,000 ordinary shares, of which 100% is held by Dr. Du Junhong.

As at the Latest Practicable Date, the sole director of the Offeror is Dr. Du Junhong.

As at the Latest Practicable Date, the Offeror does not hold any Shares. However, as at the Latest Practicable Date, Dr. Du Junhong has a deemed interest in 6,951,431 Shares, representing approximately 19.72% of the total number of issued Shares, as follows:

- (a) *5,981,859 Shares held by Longdu Investment Limited, through DBS Nominees Pte. Ltd., of which he is the sole shareholder and director;*
- (b) *938,072 Shares held by Longpartner Investment Limited, of which he has a shareholding interest of 27.78%. The remaining shareholders of Longpartner Investment Limited are Mr. Tao Qiang (a Founder and currently an executive director of the Company) and Mr. Tang Jiping (a Founder of the Company). The directors of Longpartner Investment Limited are Dr. Du Junhong and Mr. Tao Qiang; and*
- (c) *31,500 Shares held in trust by Triple Bonus Investment Pte. Limited on his behalf. The shareholders of Triple Bonus Investment Pte. Limited are Ms. Liu Rong and Mr. Tang Xiaoxun. The directors of Triple Bonus Investment Pte.*

Limited are Mr Tang Xiaoxun and Mr. Tan Gek Hua (a resident director). For completeness, Triple Bonus Investment Pte. Limited holds a total of 101,137 Shares, representing 0.29% of the issued share capital of the Company.

6.2 **The Offeror and its Concert Parties.** As at the Latest Practicable Date, the Offeror does not hold any Shares. Each of the Founders (and their respective Founder SPV) and Triple Bonus Investment Pte. Limited (which holds Shares on trust for the benefit of inter alia Dr. Du as described in section 6.1 above) is deemed to be a Concert Party of the Offeror for the purposes of this Offer for the following reasons:

- (i) Dr. Du Junhong is the sole shareholder and director of the Offeror;
- (ii) Mr. Tao Qiang is a shareholder and director of Longpartner Investment Limited, of which Dr. Du Junhong is also a shareholder and director. Mr. Tao Qiang is also an executive director of the Company;
- (iii) Mr. Deng Hua is a non-executive director of the Company; and
- (iv) each Founder has been involved in the establishment of the Company and as mentioned above, has remained as a shareholder of the Company since its establishment and up to the Latest Practicable Date.”

6. RATIONALE FOR THE OFFER

The full text of the rationale for the Offer has been extracted from section 8 of the Offer Document and is reproduced in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

“8. RATIONALE FOR THE OFFER

8.1 **Intention to delist and privatise the Company**

The Offeror intends to make the Offer with a view to delist and privatise the Company.

The Company had disposed of its (i) 100% interest in Mobell Technology Pte. Ltd. in 2014, (ii) 14.68% interest in Shanghai Tricheer Technology Co., Limited in 2014 and (iii) 21.89% interest in Mentech Investment Limited in 2016 (collectively, “Disposals”). In connection with the Disposals, the Company had in 2014 and 2016 declared and paid special dividends in the aggregate amount of S\$3.262 per Share (after the consolidation of ten (10) Shares into one (1) Share in 2015) to Shareholders. As a result of the Disposals, the remaining main business of the Company is its commercial property investment in Xi’an, China. In 2019, the Company acquired 80% equity interest in Shanghai Xiyun Information Technology Co., Ltd. providing professional and investment consultancy services in Shanghai, China. While the Company does not expect the ongoing global coronavirus pandemic (“COVID-19”) to materially affect the Group’s businesses, the COVID-19 is an evolving issue and is expected to affect business and economic activities worldwide. As such, the long-term impact of COVID-19 on the general business sentiments and outlook in China remains uncertain and it remains to be determined the eventual impact of COVID-19 on the businesses of the Group.

The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in utilising and deploying the available resources of the Company and facilitating the implementation of any strategic initiatives and/or operational changes of the Company and its subsidiaries in responding to any changes in the uncertain economic environment which may result from the ongoing COVID-19 as set out above as well as to achieve greater efficiency and competitiveness.

8.2 Opportunity for Shareholders to realise their investment in the Shares at a premium

The Offer Price is at a premium above the historical market prices of the Shares over the last 12-month period up to prior to the Offer Announcement Date. The Offer Price represents an approximately 39.53% premium above the closing price of the Shares on the Last Trading Day, and an approximately 60.86%, 61.73%, 61.29% and 25.26% premium above the VWAP per Share for the one-month, three-month, six-month and 12-month period prior to and including the Last Trading Day, respectively. The Offer Price exceeds the highest closing price of the Shares over the past 36 months preceding the Last Trading Day.

Against the backdrop of the uncertain economic environment caused by the COVID-19, Shareholders who tender their Shares pursuant to the Offer will have an opportunity to realise their investment in the Shares for a cash consideration at a premium above the prevailing market share prices, without incurring any brokerage and other trading costs.

8.3 Opportunity for Shareholders to exit their entire investment in the Company, which may otherwise be difficult due to the low trading liquidity of the Shares

The trading liquidity of the Shares has been low. The ADTV of the Shares for the one-month, three-month, six-month and 12-month periods prior to and including the Last Trading Day are set out in the table below:

	ADTV⁽¹⁾	ADTV as a percentage of total number of issued Shares⁽²⁾
<i>One-month period prior to and including the Last Trading Day</i>	3,633 Shares	0.010%
<i>Three-month period prior to and including the Last Trading Day</i>	2,150 Shares	0.006%
<i>Six-month period prior to and including the Last Trading Day</i>	8,638 Shares	0.025%
<i>12-month period prior to and including the Last Trading Day</i>	13,676 Shares	0.039%

Notes:

- (1) The ADTV is calculated based on the total trading volume of the Shares for the respective relevant periods, as extracted from Bloomberg L.P. as at the Last Trading Day, divided by the number of market days during the respect relevant periods prior to and including the Last Trading Day.
- (2) Calculated by expressing ADTV of Shares traded as a percentage of the Company's total number of 35,244,520 issued Shares (excluding 4,421,875 treasury shares). The percentage figures are rounded to the nearest three decimal places.

The low trading liquidity may not provide Shareholders with sufficient opportunity to efficiently divest their entire investments in the Company. Hence, the Offer represents a cash exit opportunity for Shareholders to liquidate and realise up to their entire investment at a premium above the historical market share prices, an opportunity which may not otherwise be readily available due to the low trading liquidity of the Shares.

8.4 **Compliance costs of maintaining listing status**

If the Company is delisted, the Company will be able to dispense with resources and compliance costs associated with maintenance of a listed status and other regulatory requirements that have to be committed for such compliance and channel such expenses and resources toward its business operations.”

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

In assessing the financial terms of the Offer, we have considered the following which we view as pertinent and having a significant bearing on our evaluation:

- (a) Historical financial performance of the Group;
- (b) Historical market price performance and trading activity of the Shares;
- (c) Historical Share price performance relative to market indices;
- (d) Net asset value (“NAV”), ex-cash NAV, adjusted NAV and ex-cash adjusted NAV of the Group;
- (e) Historical trailing P/NAV multiples and ex-cash P/NAV multiples of the Shares;
- (f) Valuation ratios of selected companies listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Hong Kong Exchanges and Clearing Limited (the “HKEx”) and/or the Australian Securities Exchange (the “ASX”) which principal business activities are broadly comparable to those of the Group;
- (g) Selected precedent privatisation and delisting transactions involving companies listed on the SGX-ST; and
- (h) Other relevant considerations.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial & Risk business), the SGX-ST, the HKEx, the ASX and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. NCF makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

7.1. **Historical Financial Performance of the Group**

For the purpose of evaluating the financial terms of the Offer, we have considered the consolidated financial statements of the Group for the financial years ended 30 June 2018 (“FY2018”), 30 June 2019 (“FY2019”) and 30 June 2020 (“FY2020”). The following summary of the financial information should be read in conjunction with the full text of the Group’s published financial statements for FY2019 and FY2020 in respect of the relevant financial years including the notes thereto.

Consolidated statements of comprehensive income

(RMB'000)	----- Audited -----		
	FY2018	FY2019	FY2020
Revenue	12,215	12,777	20,644
Profit before income tax	12,826	10,391	4,957
Net profit attributable to owners of the Company	9,075	6,581	1,527

Consolidated statements of cash flows

(RMB'000)	----- Audited -----		
	FY2018	FY2019	FY2020
Net cash generated from operating activities	3,594	2,358	399
Net cash (used in)/generated from investing activities	(499)	136	580
Net cash used in financing activities	-	-	(8,338)
Net increase/(decrease) in cash and cash equivalents	3,095	2,494	(7,359)
Cash and cash equivalents at end of year	47,744	51,662	45,229

Source: Annual reports of the Company for FY2019 and FY2020

Consolidated statements of comprehensive income

FY2018 vs FY2019

The revenue of the Group increased by approximately RMB0.6 million or 4.6% from approximately RMB12.2 million in FY2018 to approximately RMB12.8 million in FY2019 mainly due to the improvement of rental rates.

The profit before income tax of the Group decreased by approximately RMB2.4 million or 19.0% from approximately RMB12.8 million in FY2018 to approximately RMB10.4 million in FY2019 mainly due to (a) a decrease in other gains primarily as a result of lower fair value gain in investment property recognised in FY2019 as compared to FY2018, and (b) an increase in administrative expenses primarily as a result of the professional services fees incurred in relation to the acquisition of 80% of Shanghai Xiyun Information Technology Services Co., Ltd. ("**Shanghai Xiyun**") and the development of new businesses, which were offset by an increase in gross profit due to favourable rental reversions and a decrease in electricity costs.

Taking into account the income tax expenses, the Group's net profit attributable to owners of the Company decreased by approximately RMB2.5 million or 27.5% from approximately RMB9.1 million in FY2018 to approximately RMB6.6 million in FY2019.

FY2019 vs FY2020

The revenue of the Group increased by approximately RMB7.9 million or 61.6% from approximately RMB12.8 million in FY2019 to approximately RMB20.6 million in FY2020 mainly due to the contribution of revenue from Shanghai Xiyun of approximately RMB7.8 million.

The profit before income tax of the Group decreased by approximately RMB5.4 million or 52.3% from approximately RMB10.4 million in FY2019 to approximately RMB5.0 million in FY2020 mainly due to (a) a decrease in other gains primarily as a result of lower fair value gain of investment property recognised in FY2020 as compared to FY2019, (b) an increase in administrative expenses due to an increase in employees' and directors' salaries and maintenance costs, and the recognition of administrative expenses in relation to Shanghai Xiyun (including salaries, social insurance and professional services), and (c) an increase in finance costs as a result of the interest expenses incurred on borrowings obtained by Xi'an Longfei Software Co., Ltd., which were offset by an increase in gross profit as a result of the slight increase in rental revenue and the decrease in electricity costs due to the Government's preferential regulation as well as the recognition of gross profit contributed by Shanghai Xiyun.

Taking into account the income tax expenses, the Group's net profit attributable to owners of the Company decreased by approximately RMB5.1 million or 76.8% from approximately RMB6.6 million in FY2019 to approximately RMB1.5 million in FY2020.

Consolidated statements of cash flows

The Group recorded net cash generated from operating activities of approximately RMB3.6 million, RMB2.4 million and RMB0.4 million in FY2018, FY2019 and FY2020 respectively.

In respect of FY2020:

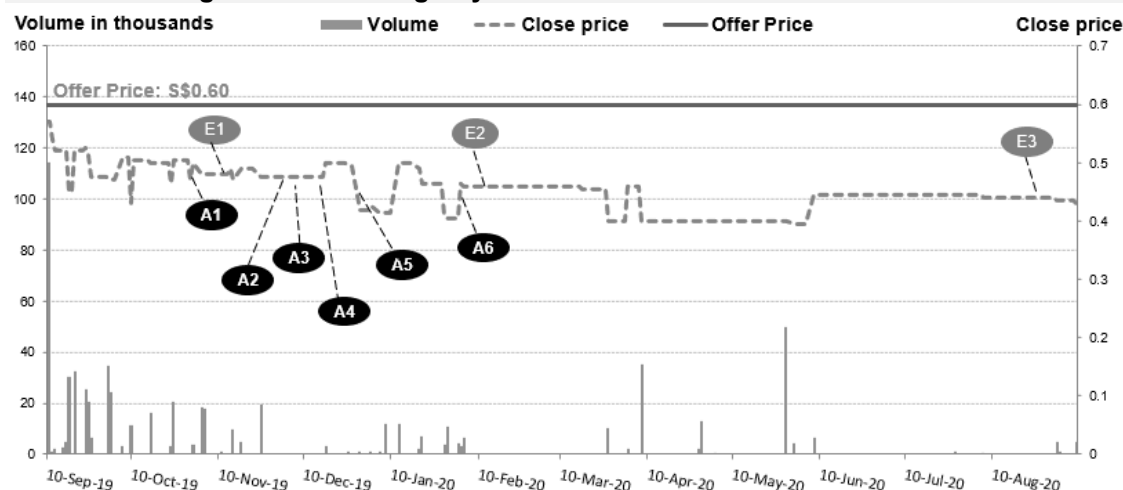
- (a) the Group recorded net cash generated from operating activities of approximately RMB0.4 million due to (i) cash generated from operations of approximately RMB1.0 million mainly as a result of operating cash flows before movements in working capital of approximately RMB2.2 million and increase in other payables and trade deposits received from customers of approximately RMB0.9 million, which were offset by an increase in trade receivables of approximately RMB1.6 million and (ii) income tax paid of approximately RMB0.6 million;
- (b) the Group recorded net cash generated from investing activities of approximately RMB0.6 million mainly due to proceeds from the disposal of financial assets of fair value through profit or loss of approximately RMB76.7 million, which was offset by the acquisition of financial assets of fair value through profit or loss of approximately RMB73.9 million;
- (c) the Group recorded net cash used in financing activities of approximately RMB8.3 million mainly due to the placement of restricted bank deposits of approximately RMB46.7 million which was offset by the proceeds from bank borrowings of approximately RMB41.5 million; and
- (d) taking into account (i) the cash and cash equivalents at the beginning of FY2020 of approximately RMB51.7 million, (ii) the net effect of foreign exchange rate changes of approximately RMB0.9 million, and (iii) the net decrease in cash and cash equivalents of approximately RMB7.4 million, the Group's cash and cash equivalents amounted to approximately RMB45.2 million as at 30 June 2020.

7.2. Historical Market Price Performance and Trading Activity of the Shares

We note that the Offer Price exceeds the highest closing price of S\$0.570 per Share (on 10 and 11 September 2019) for the 3-year period prior to and including the Last Trading Day.

We have compared the Offer Price to the daily closing prices for the one-year period between 10 September 2019 and 9 September 2020 (the “**Last Trading Day**”), being the last market day immediately prior to the Offer Announcement. We have also marked certain dates in the one-year period where significant events occurred.

Daily closing prices and daily trading volumes of the Shares for the one-year period prior to and including the Last Trading Day



Source: Thomson Reuters Eikon and Company's announcements on the SGXNET

Earnings announcements:

- E1. 14 November 2019:** The Company announced its unaudited financial statements for the 3-month financial period ended 30 September 2019 (“**3M2020**”) in which the Group’s net profit attributable to owners of the Company decreased by approximately RMB0.1 million or 11.0% from approximately RMB1.0 million for the 3-month financial period ended 30 September 2018 (“**3M2019**”) to approximately RMB0.9 million in 3M2020.
- E2. 14 February 2020:** The Company announced its unaudited financial statements for the 6-month financial period ended 31 December 2019 (“**6M2020**”) in which the Group’s net profit attributable to owners of the Company decreased by approximately RMB0.3 million or 24.1% from approximately RMB1.4 million for the 6-month financial period ended 31 December 2018 (“**6M2019**”) to approximately RMB1.1 million in 6M2020.
- E3. 30 August 2020:** The Company announced its unaudited financial statements for FY2020 in which the Group’s net profit attributable to owners of the Company decreased by approximately RMB5.1 million or 76.8% from approximately RMB6.6 million in FY2019 to approximately RMB1.5 million in FY2020.

Other significant announcements:

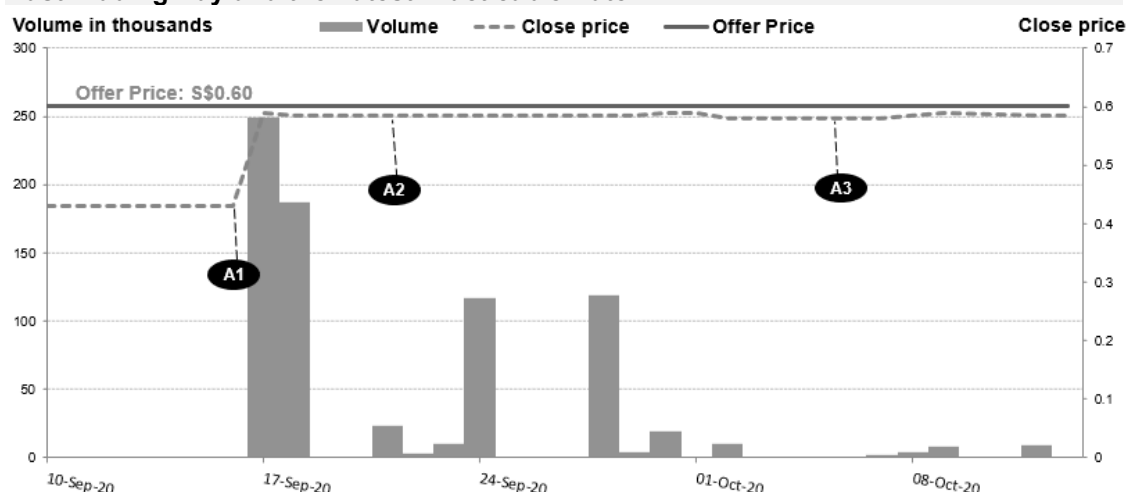
- A1. 1 November 2019:** The Company announced the appointment of Ms. Lee Ying Shin as a Non-Executive Independent Director of the Company.
- A2. 5 December 2019:** The Company announced that as the definitive documentation had not been entered into prior to the expiry of the term sheet period and the exclusivity period, the Company and Mr. Park Ki Chool and his family members (collectively, the “**Vendors**”) had mutually agreed to an extension of each of the term sheet period and the exclusivity period in relation to the proposed acquisition of PG Automotive Holdings Pte. Ltd. (as previously announced on 6 September 2019) from 5 December 2019 to 5 February 2020.
- A3. 9 December 2019:** The Company announced the cessation of Mr. David Hwang Soo Chin and Mr. See Yen Tarn due to significant divergence of opinions with the Management on issues relating to the proposed acquisition of new business.
- A4. 17 December 2019:** The Company announced the appointment of Mr. Kho Kew Siong as a Non-Executive Independent Director of the Company.
- A5. 30 December 2019:** The Company announced the appointment of Mr. Mark Leong Kei Wei as a Non-Executive Independent Director of the Company.
- A6. 5 February 2020:** The Company announced that as the definitive documentation were not entered into and as no agreement had been made between the Vendors and the Company for a further extension of the term sheet period or the exclusivity period as at 5 February 2020 (being the expiry of the term sheet period and the exclusivity period), the term sheet in relation to the proposed acquisition of PG Automotive Holdings Pte. Ltd. had lapsed and ceased to have further effect.

Based on the above chart, the Offer Price exceeds all the closing prices of the Shares for the one-year period prior to and including the Last Trading Day. The closing prices of the Shares were at their highest at S\$0.570 on 10 and 11 September 2019 during this period, which could be due to the Company's announcement on 6 September 2019 in respect of the non-binding term sheet in relation to its proposed acquisition of PG Automotive Holdings Pte. Ltd. that was expected to result in a reverse takeover of the Company.

The closing prices of the Shares gradually declined to S\$0.430 on 10 October 2019, and ranged between S\$0.405 and S\$0.505 for the period between mid-October 2019 and early-February 2020. Subsequently, the closing prices of the Shares ranged between S\$0.395 and S\$0.460 before eventually closing at S\$0.430 on the Last Trading Day. The Shares had generally been thinly traded on only 58 market days during the one-year period prior to and including the Last Trading Day.

The daily closing prices and daily trading volumes of the Shares for the period between the Last Trading Day and the Latest Practicable Date are set out below:

Daily closing prices and daily trading volumes of the Shares for the period between the Last Trading Day and the Latest Practicable Date



Source: Thomson Reuters Eikon and Company's announcements on the SGXNET

Other significant announcements:

- A1. 16 September 2020:** The Offer Announcement was made.
- A2. 21 September 2020:** The Company announced the appointment of the IFA for the purposes of the Offer.
- A3. 6 October 2020:** The Company announced that the Offer Document, together with the accompanying relevant forms of acceptance for the Offer, had been despatched to all the Shareholders on 6 October 2020.

Based on the above, the closing prices of the Shares during the period after the Offer Announcement and up to the Latest Practicable Date had ranged between S\$0.580 and S\$0.590, which were marginally below the Offer Price.

We also set out below the premia implied by the Offer Price over the historical volume-weighted average prices ("VWAP") for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Offer Announcement and up to the Latest Practicable Date:

	VWAP ⁽¹⁾ (S\$)	Premium of Offer Price over VWAP (%)	Highest closing price (S\$)	Lowest closing price (S\$)	Average daily trading volume ⁽²⁾ ("ADTV")	ADTV as a percentage of free float ⁽²⁾⁽³⁾ (%)	Traded days ⁽⁴⁾
Periods prior to and including the Last Trading Day							
One-year	0.4785	25.4	0.570	0.395	3,160	0.01	58
6-month	0.3716	61.5	0.460	0.395	1,097	N.M. ⁽⁵⁾	16
3-month	0.3710	61.7	0.445	0.430	202	N.M. ⁽⁵⁾	6
One-month	0.3731	60.8	0.435	0.430	495	N.M. ⁽⁵⁾	3
Last Trading Day	0.430 ⁽⁶⁾	39.5	0.430	0.430	5,100	0.02	1
Period after the Offer Announcement and up to the Latest Practicable Date							
After Offer Announcement and up to Latest Practicable Date	0.5870	2.2	0.590	0.580	40,405	0.17	14
Latest Practicable Date	0.585 ⁽⁷⁾	2.6	0.585	0.585	9,600	0.04	1

Source: Thomson Reuters Eikon and NCF's calculations

Notes:

- (1) The VWAP has been weighted based on the average traded prices and traded volumes of the Shares for the relevant market days for each of the above periods.
- (2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the relevant period divided by the number of market days during that period.
- (3) Free float refers to approximately 24.4 million Shares or 69.23% of the issued share capital of the Company held by the public (as defined in the listing manual of the SGX-ST (the "Listing Manual")) for (a) the one-year period prior to and including the Last Trading Day, and (b) the period after the Offer Announcement and up to the Latest Practicable Date.
- (4) Refers to the number of market days in each of the above periods where there was trading in the Shares.
- (5) Denotes "not meaningful" as the ADTV as a percentage of free float is less than 0.01%.
- (6) Refers to the closing price of the Shares on the Last Trading Day.
- (7) Refers to the closing price of the Shares on 12 October 2020, being the last traded day prior to the Latest Practicable Date.

Our observations are set out below.

Periods prior to and including the Last Trading Day

- (a) The closing prices of the Shares over the one-year period prior to and including the Last Trading Day were between a low of S\$0.395 per Share (on 1 June 2020) and a high of S\$0.570 per Share (on 10 and 11 September 2019), and the Offer Price represents (i) a premium of approximately 25.4% over the VWAP of the Shares for the one-year period prior to and including the Latest Trading Day, and (ii) a significant premium of approximately 61.5%, 61.7% and 60.8% over the VWAPs of the Shares for the 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.
- (b) The Offer Price represents a significant premium of approximately 39.5% over the closing price of the Shares of S\$0.430 on the Last Trading Day.

- (c) The trading of the Shares had been sporadic during the one-year period, of which the Shares were traded on only 58, 16, 6 and 3 market days for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.
- (d) During the one-year period prior to and including the Last Trading Day, the average daily trading volume of the Shares ranged between 202 Shares and 3,160 Shares, representing up to only approximately 0.01% of the Company's free float for each of the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day.

Period after the Offer Announcement and up to the Latest Practicable Date

- (e) The closing prices of the Shares ranged between S\$0.580 and S\$0.590 for the period after the Offer Announcement and up to the Latest Practicable Date, and the Offer Price represents (i) a premium of approximately 2.2% over the VWAP of the Shares of S\$0.5870 for the period after the Offer Announcement and up to the Latest Practicable Date, and (ii) a premium of approximately 2.6% over the closing price of the Shares of S\$0.585 on the Latest Practicable Date.
- (f) During this period, the average daily trading volume of the Shares was 40,405 Shares, representing approximately 0.17% of the Company's free float.

Based on the above, it would appear that the market prices of the Shares may be supported by the Offer subsequent to the Offer Announcement.

Shareholders should note that (a) there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at the prevailing level as at the Latest Practicable Date, (b) the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance, and (c) in view of the thin trading liquidity of the Shares for the aforementioned periods, the market price performance of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares.

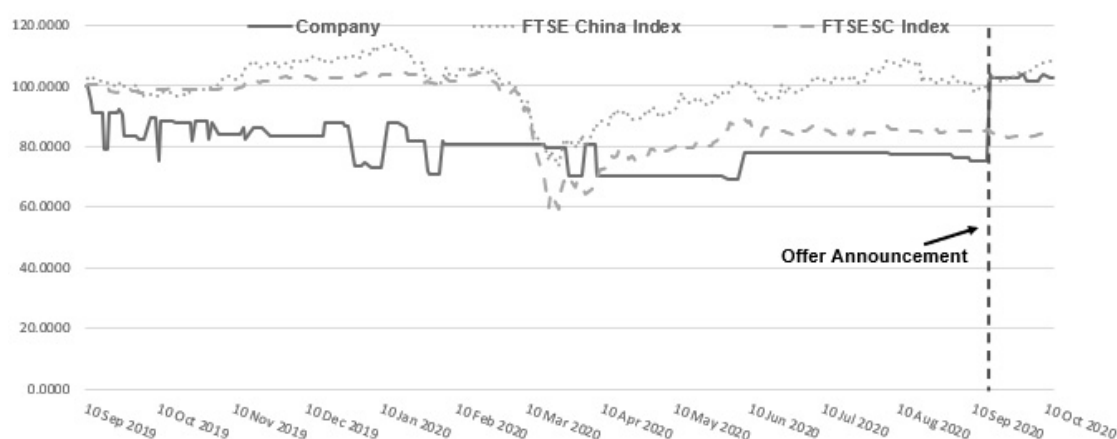
We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the prevailing economic conditions, economic outlook, stock market conditions and sentiment, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

7.3. Historical Share Price Performance Relative to Market Indices

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against (a) the FTSE ST China Index (the "**FTSE China Index**") which is a market capitalisation-weighted index tracking the constituents of the FTSE ST All-Share Index that have a majority of their sales from or operating assets located in the People's Republic of China (the "**PRC**"), and (b) the FTSE ST Small Cap Index (the "**FTSESC Index**") which is a market capitalisation-weighted index that tracks the performance of companies listed on the SGX-ST that are within the top 98% (by market capitalisation), save for those included in the Straits Times Index and the FTSE ST Mid Cap Index.

The market price performance of the Shares relative to the FTSE China Index and the FTSESC Index for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date is illustrated below:

Share price performance against market indices (rebased) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



Source: Thomson Reuters Eikon

We also set out below the movements in the closing prices of the Shares, the FTSE China Index and the FTSESC Index between the Last Trading Day and the Latest Practicable Date:

	As at Last Trading Day	As at Latest Practicable Date	Percentage change (%)
Shares (S\$)	0.430	0.585	36.0
FTSE China Index	191.77	206.21	7.5
FTSESC Index	292.41	292.72	0.1

Source: Thomson Reuters Eikon

Based on the above, we note that:

- (a) the Shares had generally underperformed the FTSE China Index and the FTSESC Index during the one-year period prior to and including the Last Trading Day; and
- (b) the closing prices of the Shares had increased by approximately 36.0% while the FTSE China Index and the FTSESC Index had increased by approximately 7.5% and 0.1% respectively between the Last Trading Day and the Latest Practicable Date.

Based on the above observations, it would further appear that the market prices of the Shares may be supported by the Offer subsequent to the Offer Announcement.

Shareholders should note that (a) there is no assurance that the market prices of the Shares after the close of the Offer may be maintained at the prevailing level as at the Latest Practicable Date, (b) the past trading performance of the Shares should not in any way be relied upon as an indication or a promise of its future trading performance, and (c) in view of the thin trading liquidity of the Shares for the aforementioned periods, the market price performance of the Shares may not necessarily be a meaningful indicator of the fundamental value of the Shares. Any comparison of the historical price performance of the Shares with the FTSE China Index and the FTSESC Index is solely for illustrative purposes.

7.4. NAV, Ex-Cash NAV, Adjusted NAV and Ex-Cash Adjusted NAV of the Group

7.4.1. NAV of the Group

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

A summary of the audited financial position of the Group as at 30 June 2020 is set out as follows:

	Audited As at 30 June 2020 (RMB'000)
Non-current assets	
Property, plant and equipment	581
Intangible assets	467
Goodwill	1,388
Investment property	132,000
Restricted bank deposits	47,433
	181,869
Current assets	
Cash and cash equivalents	45,229
Financial assets of fair value through profit and loss ¹	200
Trade receivables	1,587
Other receivables and prepayment	394
	47,410
Current liabilities	
Trade and other payables	18,452
Bank borrowing	4,000
Lease liabilities	7
Income tax payables	159
	22,618
Net current assets/(liabilities)	24,792
Non-current liabilities	
Bank borrowing	35,500
Deferred tax liabilities	17,988
	53,488
Net assets	153,173

¹ Financial assets of fair value through profit or loss comprise a financial product issued by a bank in the PRC, and accounted for approximately 0.09% of the Group's total assets as at 30 June 2020. These financial assets were carried at fair value. We understand from the Management that as at the Latest Practicable Date, the Company had redeemed and converted the financial assets into cash, with no material impact on the Group's audited NAV as at 30 June 2020.

	Audited As at 30 June 2020 (RMB'000)
Equity	
Share capital	65,608
Treasury shares	(90,042)
Reserves	176,704
Equity attributable to owners of the Company	152,270
Non-controlling interests	903
Total equity	153,173
Number of issued Shares as at 30 June 2020 ²	35,244,520
NAV per Share (RMB)	4.3204
NAV per Share (S\$)	0.8525
Discount of Offer Price to NAV per Share	29.6%
Price-to-NAV ("P/NAV") ratio as implied by Offer Price	0.70 times

As set out in the table above, the audited NAV per Share as at 30 June 2020 was RMB4.3204 (or equivalent to S\$0.8525 at an exchange rate of S\$1 : RMB5.0682 as at 30 June 2020) based on 35,244,520 issued Shares. Accordingly, the Offer Price represents a significant discount of approximately 29.6% to the audited NAV per Share as at 30 June 2020 and would value the Group at a P/NAV ratio of 0.70 times.

Details on certain assets of the Group are set out below:

Investment property

Investment property comprises a leasehold commercial building and land use right located in the PRC (the "**Investment Property**") which is leased to third-party tenants for recurring rental income, and accounted for approximately 57.6% of the Group's total assets as at 30 June 2020. We understand that the Company had appointed the Independent Valuer to determine the fair value of the Investment Property for the purposes of the Group's audited financial statements for FY2020, and such fair value of the Investment Property as at 30 June 2020 as determined by the Independent Valuer had been reflected in the Group's audited financial statements for FY2020.

Property, plant and equipment

Property, plant and equipment comprise (a) leasehold improvements, (b) properties leased for own use, (c) machinery and equipment, and (d) office equipment and computers, and in aggregate accounted for approximately 0.3% of the Group's total assets as at 30 June 2020. The property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. We understand from the Management that the properties leased for own use comprise an office unit which is used for the Group's business operations.

Intangible assets and goodwill

Intangible assets (comprising customer lists) and goodwill had arisen from the acquisition of Shanghai Xiyun in June 2019, and accounted for approximately 0.2% and 0.6% of the Group's total assets respectively as at 30 June 2020. The intangible assets and goodwill are measured at costs less impairment losses and/or amortisation (as the case may be).

² Excluding 4,421,875 treasury shares as at 30 June 2020.

7.4.2. Ex-cash NAV of the Group

Taking into consideration the aggregate restricted bank deposits³ and cash and cash equivalents of approximately RMB92.7 million and the total bank borrowings of approximately RMB39.5 million as at 30 June 2020, the Group would have audited net cash of approximately RMB53.2 million which translates into net cash per Share of RMB1.5084 or equivalent to S\$0.2976 (based on 35,244,520 issued Shares) as at 30 June 2020.

Adjusting for the net cash amount, the NAV of the Group on an ex-cash basis as at 30 June 2020 would be approximately RMB99.1 million. This would translate into an ex-cash NAV per Share of RMB2.8120 or equivalent to S\$0.5549 (the “**Ex-Cash NAV per Share**”). The Offer Price, after adjusting for the net cash per Share of S\$0.2976, would be S\$0.3024 (the “**Ex-Cash Offer Price**”) and represents a significant discount of approximately 45.5% to the Ex-Cash NAV per Share as at 30 June 2020 and would value the Group at an ex-cash P/NAV (the “**Ex-Cash P/NAV**”) ratio of 0.54 times.

7.4.3. Adjusted NAV of the Group

The Company had commissioned the Independent Valuer to perform an independent valuation to estimate the market value of the Investment Property held by the Group as at 30 June 2020. The independent valuation was prepared in accordance with the International Valuation Standards as published by the International Valuation Standards Council. As set out in the Valuation Report, due to the outbreak of COVID-19, the valuation had been prepared on the basis of “material valuation uncertainty” as per VPS3 and VPGA 10 of the RICS Valuation – Global Standards. Although the Independent Valuer had not been able to quantify the direct effect of COVID-19 on the value of the Investment Property, it had taken into account the effect which it believed had been reflected in the economic, market and other conditions as at and up to the valuation date.

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

The Independent Valuer had adopted the income approach and the market approach.⁴ The Independent Valuer had valued the Investment Property by using the income approach and had crosschecked the reasonableness of the valuation result by using the market approach. Accordingly, the Independent Valuer had taken the weighted average of both approaches in arriving at the market value of the Investment Property.

Based on its analysis, the Independent Valuer is of the opinion that the market value of the Investment Property as at 30 June 2020 is approximately RMB132.0 million.

Further details of the valuation, including the assumptions and limitations thereof, are set out in the Valuation Report as appended to Appendix 5 to the Circular, and Shareholders are advised to read the information carefully.

Pursuant to Rule 26.3 of the Code, the Company is required to make an assessment of the potential tax liabilities which would arise based on a hypothetical sale of the Investment Property at the valuation amount. Shareholders should note that such potential tax liabilities would only crystallise if the Company were to dispose of the Investment Property.

³ The restricted bank deposits of approximately RMB47.4 million were pledged to Shanghai Rural Commercial Bank as guarantee for the Group’s bank borrowing which is repayable by 7 January 2030.

⁴ In respect of the income approach, the Independent Valuer had taken into account the rental income of the Investment Property derived from its existing tenancies with due allowance for the reversionary income potential of the tenancies. In respect of the market approach, the Independent Valuer had assumed that the Investment Property can be sold with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available on the relevant market.

Taking into account the potential estimated tax liabilities of approximately RMB34.9 million (as provided by the Company based on the Management's best estimates) assuming a hypothetical disposal of the Investment Property at its market value of RMB132.0 million, the NAV of the Group as at 30 June 2020 would be approximately RMB117.3 million or RMB3.3290 per Share (or equivalent to S\$0.6568 at an exchange rate of S\$1 : RMB5.0682 as at 30 June 2020) based on 35,244,520 issued Shares (the "**Adjusted NAV per Share**"). Accordingly, the Offer Price would represent a discount of approximately 8.6% to the Adjusted NAV per Share as at 30 June 2020 and would value the Group at a P/Adjusted NAV ratio of 0.91 times.

7.4.4. Ex-cash Adjusted NAV of the Group

Adjusting for the net cash of approximately S\$53.2 million, the Adjusted NAV of the Group on an ex-cash basis as at 30 June 2020 would be approximately RMB64.2 million. This would translate into an ex-cash Adjusted NAV per Share of RMB1.8206 or equivalent to S\$0.3592 (the "**Ex-Cash Adjusted NAV per Share**"). The Ex-Cash Offer Price of S\$0.3024 would represent a discount of approximately 15.8% to the Ex-Cash Adjusted NAV per Share as at 30 June 2020 and would value the Group at an ex-cash P/Adjusted NAV (the "**Ex-Cash P/Adjusted NAV**") ratio of 0.84 times.

As set out in section 9 of the Offer Document, the Offeror presently has no intention to (a) introduce any major changes to the existing business or operations of the Group, (b) re-deploy any of the fixed assets of the Group, or (c) discontinue the employment of any of the existing employees of the Group, in each case, other than in the ordinary course of business. Nevertheless, the Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced, and the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which it may regard to be in the interests of the Company.

Shareholders should note that the above NAV analyses provide an estimate of the value of the Group based on the net assets of the Group (including a hypothetical sale of the Investment Property at its market value) as at 30 June 2020, and such hypothetical scenarios are assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically affect the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market values of the assets and liabilities may vary depending on prevailing market and economic conditions.

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which value may be materially different from that recorded in the statement of financial position of the Group as at 30 June 2020 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group or announced by the Company that are likely to have a material impact on the NAV of the Group as at 30 June 2020.

In respect of the above, the Directors have confirmed that as at the Latest Practicable Date and to the best of their knowledge and belief:

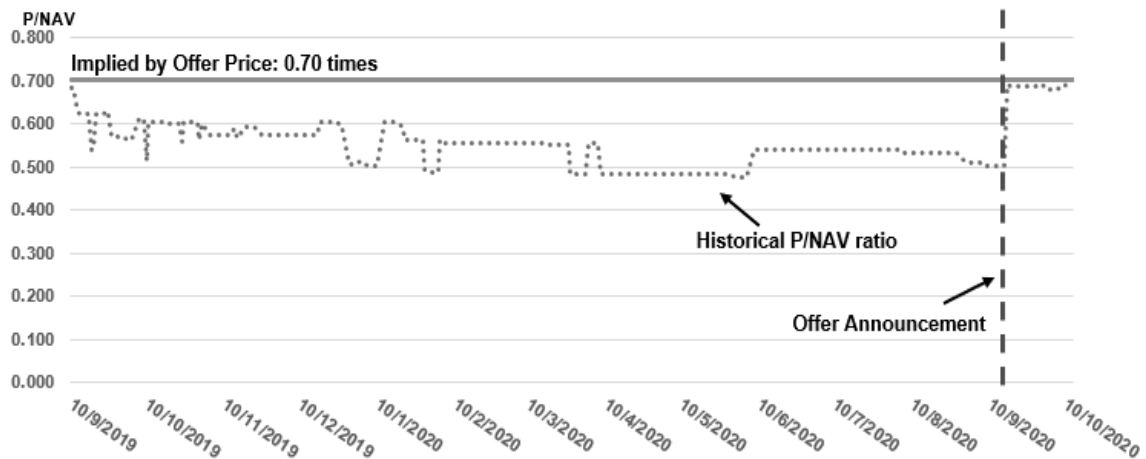
- (a) save as disclosed in paragraph 7.4.3 above, there are no material differences between the realisable values of the Group's assets and their respective book values as at the Latest Practicable Date which would have a material impact on the NAV of the Group as at 30 June 2020;
- (b) there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the NAV of the Group as at 30 June 2020;

- (c) there are no litigation, claim or proceedings pending or threatened against the Company or the Group or likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and/or the Group as at 30 June 2020;
- (d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the International Financial Reporting Standards and which have not been so disclosed, that would have had a material impact on the overall financial position of the Group as at 30 June 2020;
- (e) there are no material acquisitions or disposals of assets by the Group between 30 June 2020 and the Latest Practicable Date, and the Group does not have any definite plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business; and
- (f) save as disclosed in paragraph 7.4.3 above, they are not aware of any circumstances which may cause the NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the audited balance sheet of the Group as at 30 June 2020.

7.5. Historical Trailing P/NAV Multiples and Ex-Cash P/NAV Multiples of the Shares

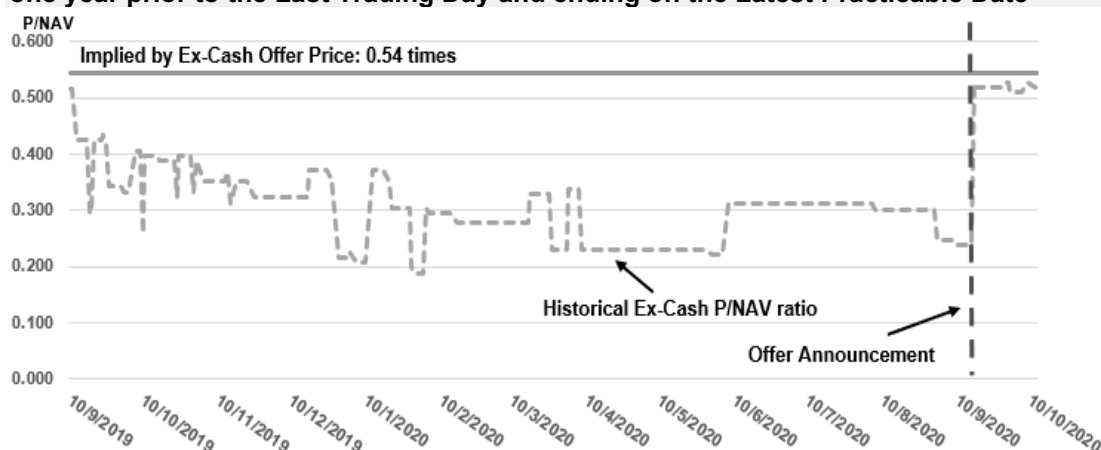
We have compared the P/NAV multiples and Ex-Cash P/NAV multiples of the Shares as implied by the Offer Price and Ex-Cash Offer Price (as the case may be) *vis-à-vis* the historical trailing P/NAV multiples and Ex-Cash P/NAV multiples of the Shares respectively (based on the daily closing prices of the Shares and the Group's trailing announced NAV and Ex-Cash NAV per Share) for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date, as set out below:

Historical trailing P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



Source: Thomson Reuters Eikon

Historical trailing Ex-Cash P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date



Source: Thomson Reuters Eikon

We set out below the historical trailing P/NAV multiples and Ex-Cash P/NAV multiples of the Shares for the period commencing one year prior to the Last Trading Day and ending on the Latest Practicable Date:

	Historical trailing P/NAV multiples			Historical trailing Ex-Cash P/NAV multiples		
	Average	High	Low	Average	High	Low
Periods prior to and including the Last Trading Day						
One-year	0.56	0.68	0.48	0.32	0.52	0.19
6-month	0.51	0.56	0.48	0.26	0.34	0.22
3-month	0.52	0.54	0.50	0.28	0.31	0.24
One-month	0.51	0.51	0.50	0.24	0.25	0.24
Period after the Offer Announcement and up to the Latest Practicable Date						
After Offer Announcement and up to Latest Practicable Date	0.69	0.69	0.68	0.52	0.53	0.51

Source: Thomson Reuters Eikon, the Company's announcements on the SGXNET and NCF's calculations

Our observations are set out below.

Periods prior to and including the Last Trading Day

- (a) The P/NAV multiple of 0.70 times as implied by the Offer Price is above the average historical trailing P/NAV multiples of the Shares of 0.56 times, 0.51 times, 0.52 times and 0.51 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.
- (b) The Ex-Cash P/NAV multiple of 0.54 times as implied by the Ex-Cash Offer Price is significantly above the average historical trailing Ex-Cash P/NAV multiples of the Shares of 0.32 times, 0.26 times, 0.28 times and 0.24 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively.

Period after the Offer Announcement and up to the Latest Practicable Date

- (c) The P/NAV multiple of 0.70 times as implied by the Offer Price is close to the average historical trailing P/NAV multiple of the Shares of 0.69 times for the period after the Offer Announcement and up to the Latest Practicable Date.
- (d) The Ex-Cash P/NAV multiple of 0.54 times as implied by the Ex-Cash Offer Price is marginally above the average historical trailing Ex-Cash P/NAV multiple of the Shares of 0.52 times for the period after the Offer Announcement and up to the Latest Practicable Date.

Shareholders should note that the above analysis is solely for illustrative purposes as the NAV of the Group is not necessarily a realisable value given that the market values of the net assets may vary depending on, amongst others, prevailing market and economic conditions.

7.6. Valuation Ratios of Selected Companies Listed on the SGX-ST, the HKEx and/or the ASX Which Principal Business Activities are Broadly Comparable to Those of the Group

Based on its annual report for FY2020, the Group is principally engaged in (a) property investment and leasing of property, and (b) the provision of professional services such as financial accounting, human resource management and legal affairs support in the PRC.

In our evaluation of the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST, the HKEx and/or the ASX with market capitalisations of up to S\$100 million (or its equivalent in Hong Kong dollars (“**HK\$**”) or Australian dollars (“**A\$**”)) and which are principally engaged in property investment in the PRC (the “**Investment Property Comparables**”) or the provision of professional services (the “**Professional Services Comparables**”, and together with the Investment Property Comparables, collectively, the “**Comparable Companies**”) which we consider to be broadly comparable to the principal business of the Group to obtain an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST, the HKEx and/or the ASX which is identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different profitability objectives. Shareholders should note that any comparison made with respect to the Comparable Companies merely serves to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

A brief description of the Comparable Companies is as follows:

Company / Listing exchange	Business description	Financial year-end
<u>Investment Property Comparables</u>		
Everbright Grand China Assets Ltd (“ Everbright GCA ”) / HKEx	Everbright GCA and its subsidiaries are principally engaged in the business of property leasing, property management and sale of properties in the PRC.	31 December
Grand Field Group Holdings Ltd (“ Grand Field ”) / HKEx	Grand Field and its subsidiaries are principally engaged in property development and property investment in the PRC.	31 December

Company / Listing exchange	Business description	Financial year-end
Sky Chinafortune Holdings Group Limited (“ Sky Chinafortune ”) / HKEx	Sky Chinafortune (formerly Great China Holdings Limited) and its subsidiaries are principally engaged in property investment, trading of properties and property related services and retail business including the sale of Chinese liquor and wine in the PRC.	31 December
Zhong Hua International Holdings Limited (“ Zhong Hua ”) / HKEx	Zhong Hua and its subsidiaries are principally engaged in property investment in the PRC.	31 December
<u>Professional Services Comparables</u>		
Kelly Partners Group Holdings Ltd (“ Kelly Partners ”) / ASX	Kelly Partners and its subsidiaries are principally engaged in the provision of accounting and taxation services, corporate secretarial, audit and other accounting-related services. They also provide other services, including financial broking, wealth management, corporate advisory and other non-accounting services in Australia.	30 June
Medinex Limited (“ Medinex ”) / SGX-ST	Medinex and its subsidiaries are principally engaged in the provision of professional support services to clients in the healthcare sector, such as accounting, tax agent services, human resource management services and corporate secretarial services. As an ancillary service, the group also provides business support services (such as accounting and tax agent services) and corporate services to companies outside of the healthcare industry in Singapore.	31 March
ZICO Holdings Inc. (“ ZICO Holdings ”) / SGX-ST	ZICO Holdings is an integrated provider of multidisciplinary professional services and is principally engaged in (a) advisory and transactional services, and (b) management, support services and licensing services in Singapore, Malaysia and other countries.	31 December

Source: Thomson Reuters Eikon and annual reports of the Comparable Companies

In our evaluation, we have adopted the following valuation measures:

Valuation ratio	Description
Latest twelve-month (“ LTM ”) price-earnings (“ LTM P/E ”) ratio	<p>The LTM P/E ratio illustrates the ratio of the market capitalisation of a company in relation to its historical consolidated full-year or LTM (as the case may be) net profit attributable to its shareholders. As such, it is affected by a company’s capital structure, tax position and accounting policies relating to depreciation and intangible assets.</p> <p>We have considered the LTM P/E ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest full-year or LTM (as the case may be) net profit attributable to shareholders.</p>

Valuation ratio	Description
Latest twelve-month price-earnings on ex-cash basis ("Ex-Cash LTM P/E") ratio	<p>In view of the audited net cash position (i.e. the aggregate restricted bank deposits and cash and cash equivalents less the bank borrowings) of the Group as at 30 June 2020, we have also computed the LTM P/E ratio on an ex-cash basis.</p> <p>We have considered the Ex-Cash LTM P/E ratios of the Comparable Companies based on their market capitalisations (less net cash, if applicable) on the Latest Practicable Date and their latest full-year or LTM (as the case may be) net profit attributable to shareholders.</p>
Latest twelve-month enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("LTM EV/EBITDA") ratio	<p>EV refers to enterprise value, which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts less its cash and cash equivalents.</p> <p>LTM EBITDA refers to the historical consolidated full-year earnings or LTM (as the case may be) earnings before interest, taxes, depreciation and amortisation.</p> <p>The LTM EV/EBITDA ratio illustrates the ratio of the market value of a company's business in relation to its historical pre-tax operating cash flow performance. The LTM EV/EBITDA ratio is an earnings-based valuation methodology. The difference between the LTM EV/EBITDA ratio and the LTM P/E ratio (described above) is that the former does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p> <p>We have considered the LTM EV/EBITDA ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date, latest-available balance sheet values and latest full-year or LTM (as the case may be) EBITDA.</p>
P/NAV ratio	<p>P/NAV refers to the ratio of the market capitalisation of a company in relation to its NAV. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.</p> <p>We have considered the P/NAV ratios of the Comparable Companies based on their respective market capitalisations on the Latest Practicable Date and their latest-available NAV.</p>
Ex-Cash P/NAV ratio	<p>In view of the audited net cash position (i.e. the aggregate restricted bank deposits and cash and cash equivalents less the bank borrowings) of the Group as at 30 June 2020, we have also computed the P/NAV ratio on an ex-cash basis.</p> <p>The Ex-Cash P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company on an ex-cash basis.</p> <p>We have considered the Ex-Cash P/NAV ratios of the Comparable Companies based on their respective market capitalisations (less net cash, if applicable) on the Latest Practicable Date and their latest-available NAV (less net cash, if applicable).</p>

The valuation ratios of the Comparable Companies based on their respective last transacted share prices as at the Latest Practicable Date are set out below:

Company	Market capitalisation (million)	LTM P/E (times)	Ex-Cash LTM P/E (times)	LTM EV/EBITDA (times)	P/NAV (times)	Ex-Cash P/NAV (times)
<u>Investment Property Comparables</u>						
Everbright GCA	HK\$233.9	6.5	0.8	0.5	0.23	0.04
Grand Field	HK\$205.8	N.A. ⁽¹⁾	N.A. ⁽¹⁾	N.A. ⁽¹⁾	0.19	0.19 ⁽²⁾
Sky Chinafortune	HK\$231.4	93.9 ⁽³⁾	54.0 ⁽³⁾	13.8 ⁽³⁾	0.40	0.28
Zhong Hua	HK\$98.5	6.1	6.1 ⁽²⁾	N.A. ⁽¹⁾	0.12	0.12 ⁽²⁾
Maximum		93.9	54.0	13.8	0.40	0.28
Mean		35.5	20.3	7.2	0.24	0.16
Median		6.5	6.1	7.2	0.21	0.16
Minimum		6.1	0.8	0.5	0.12	0.04
<u>Professional Services Comparables</u>						
Kelly Partners	A\$58.0	14.4	14.4 ⁽²⁾	4.8	3.65	3.65 ⁽²⁾
Medinex	S\$28.9	9.9	8.1	5.5	2.02	2.62
ZICO Holdings	S\$32.6	N.A. ⁽¹⁾	N.A. ⁽¹⁾	53.8	0.89	0.89 ⁽²⁾
Maximum		14.4	14.4	53.8	3.65	3.65
Mean		12.2	11.3	21.4	2.19	2.39
Median		12.2	11.3	5.5	2.02	2.62
Minimum		9.9	8.1	4.8	0.89	0.89
Company⁽⁴⁾	S\$21.1	70.4	35.5	16.7	0.70	0.54
Company⁽⁴⁾⁽⁵⁾					0.91	0.84

Source: Thomson Reuters Eikon, annual reports and announcements of the Comparable Companies on the SGXNET and NCF's calculations

Notes:

- (1) Denotes "not applicable" as the companies had recorded LTM net losses attributable to owners of the company and/or negative LTM EBITDA, as the case may be.
- (2) The Ex-Cash LTM P/E ratios and/or the Ex-Cash P/NAV ratios are the same as the corresponding LTM P/E ratios and/or P/NAV ratios as the companies were in net debt position.
- (3) Based on the company's continuing operations only.
- (4) Based on the Offer Price and/or the Ex-Cash Offer Price, as the case may be.
- (5) Based on the Adjusted NAV per Share and/or the Ex-Cash Adjusted NAV per Share, as the case may be.

Our observations are set out below.

The LTM P/E ratio of the Company of 70.4 times (as implied by the Offer Price) is:

- (a) (i) within the range of LTM P/E ratios of the Investment Property Comparables of between 6.1 times and 93.9 times, and (ii) significantly above the mean and median LTM P/E ratios of the Investment Property Comparables of 35.5 times and 6.5 times respectively; and
- (b) (i) above the range of LTM P/E ratios of the Professional Services Comparables of between 9.9 times and 14.4 times, and (ii) significantly above the mean and median LTM P/E ratios of the Professional Services Comparables of 12.2 times and 12.2 times respectively.

The Ex-Cash LTM P/E ratio of the Company of 35.5 times (as implied by the Ex-Cash Offer Price) is:

- (a) (i) within the range of Ex-Cash LTM P/E ratios of the Investment Property Comparables of between 0.8 times and 54.0 times, and (ii) significantly above the mean and median Ex-Cash LTM P/E ratios of the Investment Property Comparables of 20.3 times and 6.1 times respectively; and
- (b) (i) above the range of Ex-Cash LTM P/E ratios of the Professional Services Comparables of between 8.1 times and 14.4 times, and (ii) significantly above the mean and median Ex-Cash LTM P/E ratios of the Professional Services Comparables of 11.3 times and 11.3 times respectively.

The LTM EV/EBITDA ratio of the Company of 16.7 times (as implied by the Offer Price) is:

- (a) (i) above the range of LTM EV/EBITDA ratios of the Investment Property Comparables of between 0.5 times and 13.8 times, and (ii) significantly above the mean and median LTM EV/EBITDA ratios of the Investment Property Comparables of 7.2 times and 7.2 times respectively; and
- (b) (i) within the range of LTM EV/EBITDA ratios of the Professional Services Comparables of between 4.8 times and 53.8 times, (ii) below the mean LTM EV/EBITDA ratio of the Professional Services Comparables of 21.4 times, and (iii) significantly above the median LTM EV/EBITDA ratio of the Professional Services Comparables of 5.5 times.

The P/NAV ratio of the Company of 0.70 times (as implied by the Offer Price) is:

- (a) (i) above the range of P/NAV ratios of the Investment Property Comparables of between 0.12 times and 0.40 times, and (ii) significantly above the mean and median P/NAV ratios of the Investment Property Comparables of 0.24 times and 0.21 times respectively; and
- (b) (i) below the range of P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (ii) significantly below the mean and median P/NAV ratios of the Professional Services Comparables of 2.19 times and 2.02 times respectively.

The Ex-Cash P/NAV ratio of the Company of 0.54 times (as implied by the Ex-Cash Offer Price) is:

- (a) (i) above the range of Ex-Cash P/NAV ratios of the Investment Property Comparables of between 0.04 times and 0.28 times, and (ii) significantly above the mean and median Ex-Cash P/NAV ratios of the Investment Property Comparables of 0.16 times and 0.16 times respectively; and

- (b) (i) below the range of Ex-Cash P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (ii) significantly below the mean and median Ex-Cash P/NAV ratios of the Professional Services Comparables of 2.39 times and 2.62 times respectively.

The P/Adjusted NAV ratio of the Company of 0.91 times (as implied by the Offer Price) is:

- (a) (i) above the range of P/NAV ratios of the Investment Property Comparables of between 0.12 times and 0.40 times, and (ii) significantly above the mean and median P/NAV ratios of the Investment Property Comparables of 0.24 times and 0.21 times respectively; and
- (b) (i) at the lower end of the range of P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (ii) significantly below the mean and median P/NAV ratios of the Professional Services Comparables of 2.19 times and 2.02 times respectively.

The Ex-Cash P/Adjusted NAV ratio of the Company of 0.84 times (as implied by the Ex-Cash Offer Price) is:

- (a) (i) above the range of Ex-Cash P/NAV ratios of the Investment Property Comparables of between 0.04 times and 0.28 times, and (ii) significantly above the mean and median Ex-Cash P/NAV ratios of the Investment Property Comparables of 0.16 times and 0.16 times respectively; and
- (b) (i) below the range of Ex-Cash P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (ii) significantly below the mean and median Ex-Cash P/NAV ratios of the Professional Services Comparables of 2.39 times and 2.62 times respectively.

In respect of the P/NAV, Ex-Cash P/NAV, P/Adjusted NAV and Ex-Cash P/Adjusted NAV analyses set out above, we understand from the Management that the bulk of the Group's net assets as at 30 June 2020 was mainly attributable to its property investment segment, hence we are of the view that the comparison of the aforementioned ratios of the Group (as implied by the Offer Price and/or the Ex-Cash Offer Price, as the case may be) *vis-à-vis* the P/NAV and Ex-Cash P/NAV ratios of the Investment Property Comparables (rather than the Professional Services Comparables) would be more meaningful in this regard.

7.7. Selected Precedent Privatisation and Delisting Transactions Involving Companies Listed on the SGX-ST

We note that the Offeror is making the Offer with a view to delist and privatise the Company. For the purposes of our evaluation of the financial terms of the Offer, we have compared the valuation statistics of the Company as implied by the Offer Price *vis-à-vis* those of recent privatisations (either by way of a general offer under the Code or a scheme of arrangement under Section 210 of the Companies Act) and delisting offers under Rule 1307 of the Listing Manual which were announced during the 24-month period prior to the Offer Announcement and where the offerors had successfully attained the requisite privatisation and/or delisting thresholds as at the Latest Practicable Date (collectively, the "Precedent Privatisations"):

Company	Announcement date	Offer price (S\$)	----- Premium/(Discount) ----- of offer price over/(to) ⁽¹⁾				Offer price to NAV/NTA (times)
			Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
SK Jewellery Group Limited	2 September 2020	0.150	70.5	90.2	94.8	93.7	1.31 ⁽²⁾

Company	Announcement date	Offer price (\$)	----- Premium/(Discount) ----- of offer price over/(to) ⁽¹⁾				Offer price to NAV/NTA (times)
			Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
China Jishan Holdings Limited	3 September 2020	0.350	84.2	101.3	106.4	116.7	0.78 ⁽³⁾
Teckwah Industrial Corporation Ltd	12 August 2020	0.650	17.1	23.1	25.0	32.4	0.81 ⁽³⁾
Luzhou Bio-Chem Technology Limited	30 June 2020	0.030	100.0	87.5	130.8	150.0	N.M. ⁽⁴⁾
Perennial Real Estate Holdings Limited ⁽⁵⁾	12 June 2020	0.950	88.1	105.2	124.2	112.7	0.56 ⁽⁶⁾
Dynamic Colors Limited	1 June 2020	0.225	13.6	22.8	29.0	26.8	0.95 ⁽⁷⁾
Elec & Eltek International Company Limited	3 April 2020	US\$2.29 ⁽⁸⁾	95.7	61.3	43.8	48.4	1.00 ⁽⁶⁾
Breadtalk Group Limited	24 February 2020	0.770	19.4	30.1	24.0	25.0	2.81 ⁽⁷⁾
CITIC Envirotech Ltd.	6 November 2019	0.550	48.6	61.6	68.5	65.5	1.15 ⁽²⁾
PACC Offshore Services Holdings Ltd.	4 November 2019	0.215	69.3	99.4	93.0	70.2	0.96 ⁽³⁾
United Engineers Limited ⁽⁹⁾	25 October 2019	2.700	1.5	5.3	4.5	5.7	0.82 ⁽³⁾⁽¹⁰⁾
Raffles United ⁽¹¹⁾ Holdings Ltd.	25 October 2019	0.065	(1.5)	0.0	10.0	15.9	0.28 ⁽²⁾
San Teh Ltd	5 September 2019	0.280	81.8	90.5	83.0	84.2	0.40 ⁽³⁾
AVIC International Maritime Holdings Limited	27 August 2019	0.150	37.6	66.7	65.6	65.9	1.20 ⁽²⁾
PS Group Holdings Ltd.	20 August 2019	0.118	195.0	266.7	267.5	267.5	0.62 ⁽³⁾
Star Pharmaceutical Limited	5 August 2019	0.450	157.1	160.1	176.1	186.6	0.67 ⁽³⁾
Delong Holdings Limited ⁽¹²⁾	29 July 2019	7.000	1.9	8.0	17.9	37.2	0.60 ⁽²⁾
Health Management International Ltd ⁽¹³⁾	5 July 2019	0.730 ⁽¹⁴⁾	14.1	23.9	27.8	29.7	5.62 ⁽³⁾
Hupsteel Limited	28 June 2019	1.200	51.9	58.3	58.6	58.6	0.58 ⁽³⁾
Boardroom Limited	15 May 2019	0.880	14.3	18.9	16.1	17.6	2.02 ⁽⁷⁾

Company	Announcement date	Offer price (\$)	----- Premium/(Discount) ----- of offer price over/(to) ⁽¹⁾				Offer price to NAV/NTA (times)
			Last transacted price (%)	One-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Memtech International Ltd.	14 May 2019	1.350	23.9	31.5	31.6	35.6	1.09 ⁽²⁾
800 Super Holdings Limited	6 May 2019	0.900	16.1	30.8	31.2	25.3	2.06 ⁽³⁾
Kingboard Copper Foil Holdings Limited	4 April 2019	0.600	9.1	16.1	25.3	27.4	0.88 ⁽³⁾
Courts Asia Limited	18 January 2019	0.205	34.9	35.8	34.0	23.5	0.56 ⁽¹⁵⁾
Declout Limited ⁽¹⁶⁾	7 January 2019	0.130	62.5	66.7	66.7	58.5	1.28 ⁽¹⁵⁾
PCI Limited ⁽¹⁷⁾	4 January 2019	1.330	27.9	44.0	47.2	50.9	1.97 ⁽²⁾
Cityneon Holdings Limited	29 October 2018	1.300	3.2	6.9	11.9	15.7	4.50 ⁽²⁾
M1 Limited	27 September 2018	2.060	26.4	29.9	29.1	21.8	3.85 ⁽²⁾
Keppel Telecommunications Transportation Ltd	27 September 2018	1.910	40.4	39.5	34.9	28.1	1.53 ⁽¹⁸⁾
Maximum			195.0	266.7	267.5	267.5	5.62
Mean⁽¹⁹⁾			48.4	50.6	54.0	54.6	1.18
Median⁽¹⁹⁾			34.9	37.7	34.5	36.4	0.96
Minimum			(1.5)	0.0	4.5	5.7	0.28
Company (as implied by the Offer Price)	16 September 2020	0.600	39.5	60.8	61.7	61.5	0.91⁽²⁰⁾

Source: Thomson Reuters Eikon, announcements on the SGXNET and the respective target companies' shareholders' circulars in relation to the Precedent Privatisations

Notes:

- (1) Market premia/(discount) calculated relative to the last transacted prices of the respective target companies prior to the respective offer announcements and VWAPs of the one-month, 3-month and 6-month periods prior to the respective announcements.
- (2) Based on the NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (3) Based on the revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (4) Denotes "not meaningful" as Luzhou Bio-Chem Technology Limited had recorded a net tangible liability and revalued net tangible liability as at 31 December 2019.
- (5) On 18 May 2020, Perennial Real Estate Holdings Limited ("Perennial") announced that its directors had been notified that certain of its substantial shareholders were reviewing the options in relation to their shareholdings in Perennial. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 15 May 2020, being the last undisturbed trading date.

- (6) Based on the adjusted revalued NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (7) Based on the adjusted NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (8) Based on the adjusted offer price, being the offer price after deduction of the final dividend.
- (9) On 25 October 2019, a mandatory unconditional cash offer was made for the issued shares of United Engineers Limited (“**UEL**”) at an offer price of S\$2.60 in cash. It was also the intention of the offeror to maintain the listing status of UEL on the SGX-ST. On 12 November 2019, it was announced that the offer price was revised from S\$2.60 to S\$2.70 for each share. On 16 December 2019, it was announced that, *inter alia*, the offeror did not intend to preserve the listing status of UEL if the public float is less than 10% of its issued shares.
- (10) As set out in the circular of UEL, UEL has 5 distinct business divisions comprising (a) property (which consists of its property rental and hospitality and property development divisions), (b) manufacturing, (c) distribution, (d) engineering, and (e) corporate services and others. The independent financial adviser to UEL had also valued each of UEL’s businesses separately to arrive at the lower and higher sum-of-the-parts valuation of each share of S\$2.23 and S\$3.31 respectively. Accordingly, the offer price of S\$2.70 fell within the range of the estimated lower and higher sum-of-the-parts valuation of each share.
- (11) On 25 October 2019, GATXH Holdings Pte. Ltd. made a voluntary unconditional general offer for the issued shares of Raffles United Holdings Ltd. (the “**Raffles United Final Offer**”). Prior to the Raffles United Final Offer, Raffles Infinity Holdings Pte Ltd had on 1 July 2019 made a mandatory unconditional cash offer for the issued shares of Raffles United Holdings Ltd., and the shares were subsequently suspended from trading on 14 August 2019 as a result of the loss of free float following the offer. The market premia/(discount) in the table above were computed based on the share prices for the period(s) prior to the suspension of trading of the shares on 14 August 2019 following the loss of free float.
- (12) On 29 July 2019, a voluntary conditional cash offer was made for the issued shares of Delong Holdings Limited (the “**Delong Final Offer**”). Prior to the Delong Final Offer, a voluntary conditional cash offer for the issued shares of Delong Holdings Limited was previously made on 27 September 2018 and the offer was subsequently withdrawn in accordance with Rule 4 of the Code as announced on 11 October 2018. The market premia in the table above were computed based on the share prices for the period(s) up to and including 26 September 2018, being the last undisturbed trading date.
- (13) On 17 June 2019, the directors of Health Management International Ltd (“**HMI**”) announced that it was in discussions with a third party regarding a possible transaction involving HMI. The market premia in the table above were computed based on the share prices for the period(s) up to and including 14 June 2019, being the last undisturbed trading day.
- (14) The acquisition for the issued shares of HMI by PanAsia Health Limited (being the offeror) was effected by way of a scheme of arrangement pursuant to, *inter alia*, Section 210 of the Companies Act and the scheme consideration was (a) S\$0.730 in cash, or (b) one offeror share at an issue price of S\$0.730 per offeror share.
- (15) Based on the pro forma NAV/NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (16) Declout Limited had a significant stake in Procurri Corporation Limited (“**Procurri**”) and had treated and consolidated the results of Procurri as its subsidiary. On 7 September 2018, Procurri announced that it had received an unsolicited, non-binding indication of interest from a third party to acquire the shares in Procurri by way of a possible voluntary general offer subject to, amongst others, due diligence. In view of the significant events in relation to the shares of Procurri which may have a direct or indirect impact on the market prices of the shares of Declout Limited, the market premia in the table above were computed based on the share prices of Declout Limited for the period(s) prior to and including 6 September 2018, being the last undisturbed trading date.
- (17) On 18 September 2018, PCI Limited (“**PCI**”) announced that its controlling shareholder, Chuan Hup Holdings Limited, had been approached by a third party in connection with a potential transaction in relation to the shares of PCI. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 17 September 2018, being the last undisturbed trading date.
- (18) The independent financial adviser to Keppel Telecommunications & Transportation Ltd had arrived at an aggregate valuation of the company on a sum-of-the-parts basis, which ranged from S\$1.25 per share to S\$1.33 per share. We have used S\$1.25 as the implied value for the computation of the price-to-NAV/NTA ratio in the table above.
- (19) Excludes (a) PS Group Holdings Ltd. as a statistical outlier in the computations of the mean and median premium/(discount) of the offer price over/(to) the one-month, 3-month and 6-month VWAPs prior to the offer announcements, and (b) Luzhou Bio-Chem Technology Limited, Health Management International Ltd and Cityneon Holdings Limited as statistical outliers in the computations of the mean and median offer price-to-NAV/NTA ratios.

(20) Based on the Adjusted NAV per Share of S\$0.6568 as at 30 June 2020.

Based on the above, we note that:

- (a) the premium of approximately 39.5% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (i) within the range of the Precedent Privatisations of between a discount of 1.5% and a premium of 195.0%, (ii) below the corresponding mean premium of the Precedent Privatisations of 48.4%, and (iii) above the corresponding median premium of the Precedent Privatisations of 34.9%;
- (b) the premium of approximately 60.8% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 0.0% and 266.7%, (ii) above the corresponding mean premium of the Precedent Privatisations of 50.6%, and (iii) significantly above the corresponding median premium of the Precedent Privatisations of 37.7%;
- (c) the premium of approximately 61.7% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 4.5% and 267.5%, (ii) above the corresponding mean premium of the Precedent Privatisations of 54.0%, and (iii) significantly above the corresponding median premium of the Precedent Privatisations of 34.5%;
- (d) the premium of approximately 61.5% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (i) within the range of premia of the Precedent Privatisations of between 5.7% and 267.5%, (ii) above the corresponding mean premium of the Precedent Privatisations of 54.6%, and (iii) significantly above the corresponding median premium of the Precedent Privatisations of 36.4%; and
- (e) the P/Adjusted NAV ratio of the Company of 0.91 times (as implied by the Offer Price) is (i) within the range of offer price-to-NAV/NTA ratios of the Precedent Privatisations of between 0.28 times and 5.62 times, and (ii) below the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Privatisations of 1.18 times and 0.96 times respectively.

Shareholders should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the trading liquidity of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each of the Precedent Privatisations has to be judged on its own merits (or otherwise).

The list of Precedent Privatisations indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisations over the aforementioned periods and does not highlight bases other than the aforementioned in determining an appropriate premium/discount for the Precedent Privatisations. It should be noted that the comparison is made without taking into account the total amount of the offer value of each Precedent Privatisation or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition. In addition, as some of the companies had

undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the offer price of such Precedent Privatisations with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the relevant companies, where available.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisations and would therefore not be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, it should be noted that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisations. Therefore, any comparison of the Offer with the Precedent Privatisations is solely for illustrative purposes and any conclusions drawn from the comparisons may not necessarily reflect any perceived market valuation for the Company.

7.8. Other Relevant Considerations

7.8.1. No revision in Offer Price

As set out in the Offer Document, the Offer Price is final and the Offeror does not intend to revise the Offer Price save that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code if a competitive situation arises. Pursuant to Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price, in any way, except in wholly exceptional circumstances or where the right to do so has been specifically reserved.

7.8.2. Outlook of the Group

We note the following disclosure in the annual report of the Company for FY2020. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the annual report.

“34. SUBSEQUENT EVENTS

- (a) *Since the outbreak of the 2019 Novel Coronavirus (“COVID-19”) began in January 2020 in PRC, the Group has actively taken measures to implement the regulations and requirements posted by the local governments on coronavirus epidemic prevention and control.*

The temporary economic slowdown from the COVID-19 outbreak has not materially affected the Group’s businesses in Xi’an and Shanghai. Based on the latest financial information subsequent to the year end, revenue was down approximately 10% on the same period in the prior year. This is mainly due to the following reasons:

- (i) *the Group’s property management company in Xi’an have adopted strict management and service measures in accordance with the requirements of the Government, so that the investment property was approved to reopen on time by the Government after the Chinese New Year holiday;*
- (ii) *the lessees of the investment property are engaged in public utility related technology research and development, distance education support, and network technology research and development. These industries are encouraged for development by the local government and therefore, under the COVID-19 situation, most of the lessees’ businesses were not affected, and none of the lessees requested for rent reduction or delay in rental payment;*

- (iii) *with the improvement of municipal facilities, transportation and regional advantages in Xi'an have been enhanced and the lessees also hope to maintain a long-term cooperative relationship with the Group; and*
- (iv) *Xiyun was not greatly affected as Shanghai is one of the cities that allowed the return to work at a relatively early stage after the Chinese New Year holiday. Therefore, most of the customers of Shanghai Xiyun also returned to work and resumed their normal business activities with minimal disruption.*

As at the date of this report, the Group is unable to quantify the financial impact for FY2021 as COVID-19 outbreak is still affecting business and economic activities. The Group is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing administrative cost, including staff costs and professional fees, closely and monitoring its cash flows tightly over this period.

The Group will continuously monitor the development of the COVID-19 outbreak, market condition and adjust its strategy in response to the situation in order to ensure the normal and stable development of businesses in Xi'an and Shanghai. At the same time, the management will strive to seek new business opportunities. Save as disclosed above, there are no other matters that would result in a significant adverse impact on the Group's results and financial position as at the reporting date as result of the COVID-19."

We also note that as set out in section 8 of the Offer Document, while the Company does not expect COVID-19 to materially affect the Group's businesses, the COVID-19 is an evolving issue and is expected to affect business and economic activities worldwide. As such, the long-term impact of COVID-19 on the general business sentiments and outlook in China remains uncertain and it remains to be determined the eventual impact of COVID-19 on the businesses of the Group.

7.8.3. Absence of competing offer

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

As disclosed in section 5 of the Offer Document, the Offeror had received the Irrevocable Undertakings from certain Shareholders to, *inter alia*, accept or procure acceptance of the Offer in respect of an aggregate 9,745,287 Shares (comprising 27.65% of the issued Shares).

7.8.4. Offeror's intentions for the Group

As stated in section 9 of the Offer Document, the Offeror presently has no intention to (a) introduce any major changes to the existing businesses or operations of the Group, (b) re-deploy any of the fixed assets of the Group, or (c) discontinue the employment of any of the existing employees of the Company, in each case, other than in the ordinary course of business. Nevertheless, the Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced, and the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Group which may present themselves and which it may regard to be in the interests of the Company.

7.8.5. Conditional offer

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror holding such number of Shares carrying more than 90% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Offer.

In the event that the Offer does not become or is not declared unconditional in all respects by the close of the Offer and has been withdrawn or has lapsed:

- (a) all acceptances of the Offer will be returned to the relevant Shareholders; and
- (b) pursuant to Rule 33.1(a) of the Code, except with the consent of the SIC, neither the Offeror nor any of the Concert Parties may, within 12 months from the date on which the Offer is withdrawn or lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Offeror or the Concert Parties would thereby become obliged under Rule 14 to make an offer.

7.8.6. Compulsory acquisition

As stated in section 10.1 of the Offer Document, under Section 102 of the Bermuda Companies Act:

- (a) where an offeror has, within 4 months after the making of an offer under a scheme or contract involving the transfer of shares, obtained acceptances from shareholders holding not less than nine-tenths in value of the shares in a Bermuda-incorporated company (the “**Target**”) whose transfer is involved (other than shares already held, at the date of the offer, by the offeror, the offeror’s subsidiaries, and nominees of the offeror or its subsidiaries); and
- (b) where, at the date of the offer, shares in the Target whose transfer is involved, are already held by the offeror, the offeror’s subsidiaries, and nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the Target, such accepting shareholders also represent not less than 75% in number of the holders of such shares (other than shares already held as at the date of the offer, by the offeror, the offeror’s subsidiaries, and nominees of the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

(the “**Approval Threshold**”), the offeror may at any time within 2 months beginning from the date on which the Approval Threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares (the “**Acquisition Notice**”). When such Acquisition Notice is given, upon the expiry of one month from the date on which the notice was given, the offeror shall be entitled and bound to acquire those shares on the same terms as the offer (unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda (the “**Court**”) within one month from the date on which the notice was given and the Court thinks fit to order otherwise).

Section 102(2) of the Bermuda Companies Act provides that where, pursuant to such a scheme or contract, shares in the Target are transferred to an offeror or its nominee, and those shares together with any other shares in the Target held by, or by a nominee for, the offeror or its subsidiary at the date of the transfer comprise nine-tenths in value of the shares in the Target, the offeror must within one month from the date of the transfer give notice of that fact to the dissenting shareholder(s) of the Target, and any such shareholder may within 3 months from the giving of the said notice to him, give notice (an “**Offeree Notice**”) requiring the offeror to acquire his shares in the Target. Where a dissenting shareholder gives an Offeree Notice with respect to any shares in the Target, the offeror shall be entitled and bound to acquire those shares on the same terms of the original offer (or on such other terms as may be agreed or as the Court, on the application of either the offeror or the dissenting shareholder, thinks fit to order).

Under Section 103 of the Bermuda Companies Act, the holders of not less than 95% of the shares in a Bermuda-incorporated company (the “**Purchasers**”) may give notice (the “**Section 103 Acquisition Notice**”) to the remaining shareholders of the intention to acquire their shares on the terms set out in the Section 103 Acquisition Notice. When such Section 103 Acquisition Notice is given, the Purchasers shall be entitled and bound to acquire the shares of the

remaining shareholders on the terms set out in Section 103 Acquisition Notice unless a remaining shareholder applies to the Court to have the Court appraise the value of such shares.

The Offeror intends to make the Company its wholly-owned subsidiary. **Accordingly, if entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 102 or Section 103 of the Bermuda Companies Act.**

Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice.

7.8.7. Listing status of the Company

As stated in section 10.2 of the Offer Document, pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and the Concert Parties to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue excluding treasury shares is at all times held by the public (the “**Free Float Requirement**”). In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST. If the Company does not meet the Free Float Requirement under Rule 723 of the Listing Manual, the SGX-ST may suspend trading of the Shares on the SGX-ST following the close of the Offer for such 3-month period or such longer period as the SGX-ST may agree.

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

7.8.8. Dividend track record of the Company

The Company had last paid (a) a special one-tier tax-exempt cash dividend of S\$0.70 per Share in October 2016 in connection with the disposal of its 21.89% shareholding interest in Mentech Investment Limited in September 2016, and (b) special one-tier tax-exempt cash dividends of an aggregate of S\$2.562 per Share (as adjusted for the Company’s 10-into-1 share consolidation exercise which was completed in November 2015) in September 2014 following the disposal of its wholly-owned subsidiary, Mobell Technology Pte. Ltd., in September 2014.

As set out in the Company’s annual report for FY2020, the Company does not have a fixed dividend policy and the Directors would consider, *inter alia*, the Group’s level of earnings and financial condition as well as the projected levels of the Group’s capital expenditure and other investment plans in deciding whether to declare dividends.

8. OPINION AND ADVICE

8.1. Our Opinion

In arriving at our opinion on the financial terms of the Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (a) the Group's revenue increased from approximately RMB12.2 million in FY2018 to approximately RMB12.8 million in FY2019 and to approximately RMB20.6 million in FY2020. However, the Group's net profit attributable to owners of the Company decreased from approximately RMB9.1 million in FY2018 to approximately RMB6.6 million in FY2019 and to approximately RMB1.5 million in FY2020;
- (b) the Offer Price (i) exceeds the highest closing price of S\$0.570 per Share for the 3-year period prior to and including the Last Trading Day, (ii) represents a premium of approximately 25.4%, 61.5%, 61.7% and 60.8% over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, (iii) represents a significant premium of approximately 39.5% over the closing price of the Shares of S\$0.430 on the Last Trading Day, (iv) represents a premium of approximately 2.2% over the VWAP of the Shares of S\$0.5870 for the period after the Offer Announcement and up to the Latest Practicable Date, and (v) represents a premium of approximately 2.6% over the closing price of the Shares of S\$0.585 on the Latest Practicable Date;
- (c) the Shares had generally underperformed the FTSE China Index and the FTSESC Index during the one-year period prior to and including the Last Trading Day, and the closing prices of the Shares had increased by approximately 36.0% while the FTSE China Index and the FTSESC Index had increased by approximately 7.5% and 0.1% respectively between the Last Trading Day and the Latest Practicable Date;
- (d) the Offer Price represents (i) a significant discount of approximately 29.6% to the audited NAV per Share as at 30 June 2020 and would value the Group at a P/NAV ratio of 0.70 times, and (ii) a discount of approximately 8.6% to the Adjusted NAV per Share as at 30 June 2020 and would value the Group at a P/Adjusted NAV ratio of 0.91 times;
- (e) the Ex-Cash Offer Price represents (i) a significant discount of approximately 45.5% to the Ex-Cash NAV per Share as at 30 June 2020 and would value the Group at an Ex-Cash P/NAV ratio of 0.54 times, and (ii) a discount of approximately 15.8% to the Ex-Cash Adjusted NAV per Share as at 30 June 2020 and would value the Group at an Ex-Cash P/Adjusted NAV ratio of 0.84 times;
- (f) the P/NAV multiple of 0.70 times as implied by the Offer Price is (i) above the average historical trailing P/NAV multiples of the Shares of 0.56 times, 0.51 times, 0.52 times and 0.51 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) close to the average historical trailing P/NAV multiple of the Shares of 0.69 times for the period after the Offer Announcement and up to the Latest Practicable Date;
- (g) the Ex-Cash P/NAV multiple of 0.54 times as implied by the Ex-Cash Offer Price is (i) significantly above the average historical trailing Ex-Cash P/NAV multiples of the Shares of 0.32 times, 0.26 times, 0.28 times and 0.24 times for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day respectively, and (ii) marginally above the average historical trailing Ex-Cash P/NAV multiple of the Shares of 0.52 times for the period after the Offer Announcement and up to the Latest Practicable Date;

- (h) in respect of the Comparable Companies:
- (i) the LTM P/E ratio of the Company of 70.4 times (as implied by the Offer Price) is:
 - (aa) (1) within the range of LTM P/E ratios of the Investment Property Comparables of between 6.1 times and 93.9 times, and (2) significantly above the mean and median LTM P/E ratios of the Investment Property Comparables of 35.5 times and 6.5 times respectively;
 - (bb) (1) above the range of LTM P/E ratios of the Professional Services Comparables of between 9.9 times and 14.4 times, and (2) significantly above the mean and median LTM P/E ratios of the Professional Services Comparables of 12.2 times and 12.2 times respectively;
 - (ii) the Ex-Cash LTM P/E ratio of the Company of 35.5 times (as implied by the Ex-Cash Offer Price) is:
 - (aa) (1) within the range of Ex-Cash LTM P/E ratios of the Investment Property Comparables of between 0.8 times and 54.0 times, and (2) significantly above the mean and median Ex-Cash LTM P/E ratios of the Investment Property Comparables of 20.3 times and 6.1 times respectively;
 - (bb) (1) above the range of Ex-Cash LTM P/E ratios of the Professional Services Comparables of between 8.1 times and 14.4 times, and (2) significantly above the mean and median Ex-Cash LTM P/E ratios of the Professional Services Comparables of 11.3 times and 11.3 times respectively;
 - (iii) the LTM EV/EBITDA ratio of the Company of 16.7 times (as implied by the Offer Price) is:
 - (aa) (1) above the range of LTM EV/EBITDA ratios of the Investment Property Comparables of between 0.5 times and 13.8 times, and (2) significantly above the mean and median LTM EV/EBITDA ratios of the Investment Property Comparables of 7.2 times and 7.2 times respectively;
 - (bb) (1) within the range of LTM EV/EBITDA ratios of the Professional Services Comparables of between 4.8 times and 53.8 times, (2) below the mean LTM EV/EBITDA ratio of the Professional Services Comparables of 21.4 times, and (3) significantly above the median LTM EV/EBITDA ratio of the Professional Services Comparables of 5.5 times;
 - (iv) the P/NAV ratio of the Company of 0.70 times (as implied by the Offer Price) is:
 - (aa) (1) above the range of P/NAV ratios of the Investment Property Comparables of between 0.12 times and 0.40 times, and (2) significantly above the mean and median P/NAV ratios of the Investment Property Comparables of 0.24 times and 0.21 times respectively;
 - (bb) (1) below the range of P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median P/NAV ratios of the Professional Services Comparables of 2.19 times and 2.02 times respectively;

- (v) the Ex-Cash P/NAV ratio of the Company of 0.54 times (as implied by the Ex-Cash Offer Price) is:
 - (aa) (1) above the range of Ex-Cash P/NAV ratios of the Investment Property Comparables of between 0.04 times and 0.28 times, and (2) significantly above the mean and median Ex-Cash P/NAV ratios of the Investment Property Comparables of 0.16 times and 0.16 times respectively;
 - (bb) (1) below the range of Ex-Cash P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median Ex-Cash P/NAV ratios of the Professional Services Comparables of 2.39 times and 2.62 times respectively;
- (vi) the P/Adjusted NAV ratio of the Company of 0.91 times (as implied by the Offer Price) is:
 - (aa) (1) above the range of P/NAV ratios of the Investment Property Comparables of between 0.12 times and 0.40 times, and (2) significantly above the mean and median P/NAV ratios of the Investment Property Comparables of 0.24 times and 0.21 times respectively;
 - (bb) (1) at the lower end of the range of P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median P/NAV ratios of the Professional Services Comparables of 2.19 times and 2.02 times respectively; and
- (vii) the Ex-Cash P/Adjusted NAV ratio of the Company of 0.84 times (as implied by the Ex-Cash Offer Price) is:
 - (aa) (1) above the range of Ex-Cash P/NAV ratios of the Investment Property Comparables of between 0.04 times and 0.28 times, and (2) significantly above the mean and median Ex-Cash P/NAV ratios of the Investment Property Comparables of 0.16 times and 0.16 times respectively; and
 - (bb) (1) below the range of Ex-Cash P/NAV ratios of the Professional Services Comparables of between 0.89 times and 3.65 times, and (2) significantly below the mean and median Ex-Cash P/NAV ratios of the Professional Services Comparables of 2.39 times and 2.62 times respectively.

As the bulk of the Group's net assets as at 30 June 2020 was mainly attributable to its property investment segment, we are of the view that it would be more meaningful to compare the P/NAV, Ex-Cash P/NAV, P/Adjusted NAV and Ex-Cash P/Adjusted NAV ratios of the Group (as implied by the Offer Price and/or the Ex-Cash Offer Price, as the case may be) *vis-à-vis* the relevant NAV ratios of the Investment Property Comparables rather than the Professional Services Comparables;

- (i) in respect of the Precedent Privatisations:
 - (i) the premium of approximately 39.5% (as implied by the Offer Price) over the last transacted price of the Shares on the Last Trading Day is (aa) within the range of the Precedent Privatisations of between a discount of 1.5% and a premium of 195.0%, (bb) below the corresponding mean premium of the Precedent Privatisations of 48.4%, and (cc) above the corresponding median premium of the Precedent Privatisations of 34.9%;

- (ii) the premium of approximately 60.8% (as implied by the Offer Price) over the one-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 0.0% and 266.7%, (bb) above the corresponding mean premium of the Precedent Privatisations of 50.6%, and (cc) significantly above the corresponding median premium of the Precedent Privatisations of 37.7%;
- (iii) the premium of approximately 61.7% (as implied by the Offer Price) over the 3-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 4.5% and 267.5%, (bb) above the corresponding mean premium of the Precedent Privatisations of 54.0%, and (cc) significantly above the corresponding median premium of the Precedent Privatisations of 34.5%;
- (iv) the premium of approximately 61.5% (as implied by the Offer Price) over the 6-month VWAP of the Shares up to and including the Last Trading Day is (aa) within the range of premia of the Precedent Privatisations of between 5.7% and 267.5%, (bb) above the corresponding mean premium of the Precedent Privatisations of 54.6%, and (cc) significantly above the corresponding median premium of the Precedent Privatisations of 36.4%; and
- (v) the P/Adjusted NAV ratio of the Company of 0.91 times (as implied by the Offer Price) is (aa) within the range of offer price-to-NAV/NTA ratios of the Precedent Privatisations of between 0.28 times and 5.62 times, and (bb) below the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Privatisations of 1.18 times and 0.96 times respectively;
- (j) the Offer Price is final and the Offeror does not intend to revise the Offer Price;
- (k) as at the Latest Practicable Date, apart from the Offer being made by the Offeror, there is no publicly available evidence of any alternative offer for the Offer Shares from any third party; and
- (l) the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror holding such number of Shares carrying more than 90% of the voting rights attributable to the issued Shares (excluding any Shares held in treasury) as at the close of the Offer.

Having considered the aforementioned points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are **fair and reasonable**.

In determining that the Offer is **fair**, we have considered the following pertinent factors:

- (i) the Offer Price (aa) exceeds the highest closing price per Share for the 3-year period prior to and including the Last Trading Day, (bb) represents a premium over the VWAPs of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day, (cc) represents a significant premium over the closing price of the Shares on the Last Trading Day, (dd) represents a premium over the VWAP of the Shares for the period after the Offer Announcement and up to the Latest Practicable Date, and (ee) represents a premium over the closing price of the Shares on the Latest Practicable Date;
- (ii) although the Offer Price represents a significant discount to the audited NAV per Share as at 30 June 2020, the P/NAV multiple as implied by the Offer Price is above the average historical trailing P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day;

- (iii) although the Ex-Cash Offer Price represents a significant discount to the Ex-Cash NAV per Share as at 30 June 2020, the Ex-Cash P/NAV multiple as implied by the Ex-Cash Offer Price is significantly above the average historical trailing Ex-Cash P/NAV multiples of the Shares for the one-year, 6-month, 3-month and one-month periods prior to and including the Last Trading Day; and
- (iv) although the Offer Price and the Ex-Cash Offer Price represent a significant discount to the audited NAV per Share and the Ex-Cash NAV per Share as at 30 June 2020 respectively, the Offer Price and the Ex-Cash Offer Price represent a significantly smaller discount to the Adjusted NAV per Share and the Ex-Cash Adjusted NAV per Share as at 30 June 2020 respectively.

In determining that the Offer is **reasonable**, we have considered the following pertinent factors:

- (i) the Group's net profit attributable to owners of the Company had been deteriorating from FY2018 to FY2020, notwithstanding the increase in revenue during this period;
- (ii) the Shares had generally underperformed the FTSE China Index and the FTSESC Index during the one-year period prior to and including the Last Trading Day, but had generally outperformed the FTSE China Index and the FTSESC Index between the Last Trading Day and the Latest Practicable Date;
- (iii) in respect of the Comparable Companies:
 - (aa) the LTM P/E ratio of the Company (as implied by the Offer Price) and the Ex-Cash LTM P/E ratio of the Company (as implied by the Ex-Cash Offer Price) are significantly above the mean and median LTM P/E ratios and Ex-Cash LTM P/E ratios respectively of both the Investment Property Comparables and the Professional Services Comparables;
 - (bb) although the LTM EV/EBITDA ratio of the Company (as implied by the Offer Price) is below the mean LTM EV/EBITDA ratio of the Professional Services Comparables, it is significantly above the mean and median LTM EV/EBITDA ratios of the Investment Property Comparables and significantly above the median LTM EV/EBITDA ratio of the Professional Services Comparables;
 - (cc) the P/NAV ratio of the Company (as implied by the Offer Price) and the Ex-Cash P/NAV ratio of the Company (as implied by the Ex-Cash Offer Price) are significantly above the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Investment Property Comparables respectively, notwithstanding that they are significantly below the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Professional Services Comparables respectively; and
 - (dd) the P/Adjusted NAV ratio of the Company (as implied by the Offer Price) and the Ex-Cash P/Adjusted NAV ratio of the Company (as implied by the Ex-Cash Offer Price) are significantly above the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Investment Property Comparables respectively, notwithstanding that they are significantly below the mean and median P/NAV ratios and Ex-Cash P/NAV ratios of the Professional Services Comparables respectively;
- (iv) in respect of the Precedent Privatisations, although the P/Adjusted NAV ratio of the Company (as implied by the Offer Price) is below the corresponding mean and median offer price-to-NAV/NTA ratios of the Precedent Privatisations, the premia of the Offer Price over the last transacted price of the Shares on the Last Trading Day and the one-month VWAP, 3-month VWAP and 6-month VWAP of the Shares up to and including the Last Trading Day are generally above the corresponding mean and median premia of the Precedent Privatisations; and
- (v) as at the Latest Practicable Date, there is no alternative take-over offer for the Shares.

8.2. Our Advice

Accordingly, we advise the Independent Directors to recommend that Shareholders **accept** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, after taking into account the brokerage and related costs in connection with open market transactions.

The Independent Directors should note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion and advice on the Offer do not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case, except for the purposes of the Offer. Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours truly,
For and on behalf of
Novus Corporate Finance Pte. Ltd.

Andrew Leo
Chief Executive Officer

Huong Wei Beng
Director

ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

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

Name	Address	Description
Mr. Du Junqi	Floor 9, Building No. 2, Lane 399, Shengxia Road, Pudong District, Shanghai, China 201210	Executive Chairman and Chief Executive Officer
Mr. Tao Qiang	Floor 9, Building No. 2, Lane 399, Shengxia Road, Pudong District, Shanghai, China 201210	Executive Director
Mr. Deng Hua	Floor 9, Building No. 2, Lane 399, Shengxia Road, Pudong District, Shanghai, China 201210	Non-Executive Director
Ms. Lee Ying Shin	c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898	Non-Executive and Independent Director
Mr. Koh Kew Siong	c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898	Non-Executive and Independent Director
Mr. Mark Leong Kei Wei	c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898	Non-Executive and Independent Director

2. REGISTERED OFFICE

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

3. PRINCIPAL ACTIVITIES

The Company is a company incorporated in Bermuda on 12 August 2004, and was listed on the Main Board of the SGX-ST in 2005. The principal activities of the Company are investment holding. The key businesses of the Company and its subsidiaries include (i) property investment, (ii) value-added services, and (iii) professional and investment consultancy services. In addition, the Company also has shareholding interests in certain subsidiaries which are not and/or have not been undertaking significant business activities.

4. SHARE CAPITAL

4.1 **Issued Capital**

As at the Latest Practicable Date, the Company has one class of shares, being ordinary shares. As at the Latest Practicable Date, the total issued and paid-up share capital of the Company is approximately RMB65,608,000 comprising 35,244,520 Shares (excluding treasury shares). The Company holds 4,421,875 treasury shares as at the Latest Practicable Date. The issued Shares are quoted and listed on the Main Board of the SGX-ST.

As at the Latest Practicable Date, the Company has not issued any Shares since the end of FY2020.

There is no restriction in the Bye-laws of the Company on the right to transfer any Shares, which has the effect of requiring the Shareholders, before transferring them, to offer them for purchase to members of the Company or to any other person.

4.2 Rights in Respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Bye-laws of the Company, which is available for inspection at the office of the Corporate Secretarial Agent at Tricor HEP Corporate Services Pte. Ltd., c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898 during normal business hours for the period during which the Offer remains open for acceptance. For ease of reference, selected texts of the Bye-laws of the Company relating to the same have been extracted and reproduced in **Appendix 4** to this Circular.

5. COMPANY CONVERTIBLE SECURITIES

As at the Latest Practicable Date, there are no outstanding Convertible Securities of the Company.

6. DISCLOSURE OF INTERESTS

6.1 Interests of the Company in Offeror Securities

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

6.2 Dealings in Offeror Securities by the Company

Neither the Company nor its subsidiaries have dealt in Offeror Securities during the period commencing three (3) months prior to 16 September 2020, being the Offer Announcement Date, and ending on the Latest Practicable Date.

6.3 Interests of the Directors in Offeror Securities

As at the Latest Practicable Date, none of the Directors have any direct or indirect interests in Offeror Securities.

6.4 Dealings in Offeror Shares and Offeror Convertible Securities by the Directors

None of the Directors have dealt in Offeror Securities during the period commencing three (3) months prior to 16 September 2020 being the Offer Announcement Date, and ending on the Latest Practicable Date.

6.5 Interests of the Directors in Shares and Company Convertible Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors have an interest, direct or indirect, in the Shares or Convertible Securities of the Company.

Name	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	(%) ¹	No. of Shares	(%) ¹
Tao Qiang	-	-	940,434	2.67
Deng Hua	-	-	888,479	2.52

Note:

(1) Based on 35,244,520 Shares as at the Latest Practicable Date, and rounded to the nearest two decimal places.

6.6 Dealings in Shares and Company Convertible Securities by the Directors

As at the Latest Practicable Date, none of the Directors have dealt in the Shares or Convertible Securities of the Company during the period commencing three (3) months prior to 16 September 2020, being the Offer Announcement Date, and ending on the Latest Practicable Date.

6.7 Interests of the IFA in Shares and Company Convertible Securities

None of NCF, its related corporations or funds whose investments are managed by NCF or its related corporations on a discretionary basis, own or control any Shares or Convertible Securities of the Company as at the Latest Practicable Date.

6.8 Dealings in Shares and Company Convertible Securities by the IFA

None of NCF, its related corporations or funds whose investments are managed by NCF or its related corporations on a discretionary basis, have dealt for value in the Shares or Convertible Securities of the Company during the period commencing three (3) months prior to 16 September 2020, being the Offer Announcement Date, and ending on the Latest Practicable Date.

6.9 Accepting or Rejecting the Offer

The following Directors who have direct or deemed interests in the Shares have informed the Company of their intentions in respect of the Offer, as follows:

- (a) Mr. Tao Qiang, in respect of 938,072 Shares; and
- (b) Mr. Deng Hua, in respect of 888,479 Shares,

have each given an Irrevocable Undertaking to, *inter alia*, accept or procure the acceptance of the Offer in respect of such number of Shares as is stated above held by him/her or which he/she is deemed interested in, (i) by the 28th day after the date of despatch of the Offer Document, in respect of Shares he holds or is beneficially interested in as at the date of dispatch of the Offer Document, and (ii) on the third Business Day after he becomes the registered holder / beneficial owner, in respect of any additional Shares he may subsequently acquire (as the case may be).

7. OTHER DISCLOSURES

7.1 Directors' Service Contracts

As at the Latest Practicable Date, (a) there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (b) there are no such service contracts entered into or amended between any of the Directors or proposed director with the Company or any of its subsidiaries during the period between the start of six (6) months preceding the Offer Announcement Date and the Latest Practicable Date.

7.2 No Payment or Benefit to Directors

As at the Latest Practicable Date, it is not proposed, in connection with the Offer, that any payment or other benefit be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Offer.

7.3 No Agreement Conditional upon Outcome of the Offer

As at the Latest Practicable Date, save for the Irrevocable Undertakings, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer.

7.4 Material Contracts entered into by the Offeror

As at the Latest Practicable Date, save for the Irrevocable Undertakings, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

8. FINANCIAL INFORMATION OF THE GROUP

A summary of the financial information of the Group for FY2018, FY2019 and FY2020 (based on the audited consolidated financial statements for each of FY2018, FY2019 and FY2020) is set out below.

A summary of the financial information of the Group as set out in this Paragraph 8 is extracted from, and should be read together with, the annual reports and relevant financial statements, copies of which are available for inspection at the Corporate Secretarial Agent's office at Tricor HEP Corporate Services Pte. Ltd., c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898 during normal business hours.

(i) Consolidated Income Statements

	Audited FY2018 RMB'000	Audited FY2019 RMB'000	Audited FY2020 RMB'000
Revenue	12,215	12,777	20,644
Exceptional items	-	-	-
Net profit before tax	12,826	10,391	4,957
Net profit after tax	9,075	6,581	1,977
Minority interests	-	453	450
Net Earnings per Share	25.75cents	18.67cents	4.33cents
Net dividends per Share	-	-	-

(ii) Consolidated Statement of Financial Position

	Audited FY2018 RMB'000	Audited FY2019 RMB'000	Audited FY2020 RMB'000
Non –currency assets	120,671	130,741	181,869
Current assets	48,336	55,164	47,410
Current liabilities	15,881	20,771	22,618
Net current assets	32,455	34,393	24,792
Non-current liabilities	11,813	15,798	53,488
Equity attributable to equity holders of the Company	141,313	149,336	152,270

The Company had commissioned the Independent Valuer to carry out an independent valuation of the Subject Property for the purpose of preparation of the audited financial statements for FY2020. The valuation of the Subject Property is as set out below and has been included as part of the IFA's consideration in the IFA Letter.

Subject Property	Valuation as at 30 June 2020 under the Valuation Report
The whole of Levels 1 to 16 and ancillary facilities in Basement of Tower A of Longcheer Science and Technology Park, No. 29 Jinye First Road, Hi-tech Zone, Yanmen District, Xi'an, Shaanxi Province, PRC	RMB132,000,000

The Valuation Report is reproduced in **Appendix 5** to this Circular.

9. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in the audited consolidated financial statements of the Group for FY2020, and any other information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes to the financial position of the Company since 30 June 2020, being the date of the last audited accounts of the Company laid before the Shareholders in general meeting.

10. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Group which are disclosed in pages 46 to 60 of the Annual Report FY2020

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

11. CHANGES IN ACCOUNTING POLICIES

As detailed in Note 2 to the audited consolidated financial statements of the Group in the Annual Report FY2020, the Group has adopted the following new and revised standards, amendments and interpretations issued by IASB and the IFRIC of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2019:

- (a) IFRS 16 – Leases
- (b) IFRIC 23 – Uncertainty over Income Tax Treatments
- (c) Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- (d) Annual Improvements to IFRSs 2015 – 2017 Cycle – Amendments to IAS 12, Income Taxes

As at the Latest Practicable Date, save as disclosed in this Circular and publicly available information on the Group (including but not limited to that contained in the audited financial statements of the Group for FY2020), the Group has applied the same accounting policies and methods of computation as with those in the audited financial statements of the Group for FY2019 and as at the Latest Practicable Date, there are no changes in the accounting policies of the Group which will cause the financial statements of the Group not to be comparable to a material extent.

12. MATERIAL CHANGE IN INFORMATION

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

13. MATERIAL CONTRACTS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have entered into any material contracts with Interested Persons (other than those entered into during the ordinary course of business carried on by the Company) during the period commencing three (3) years before 16 September 2020, being the Offer Announcement Date, and ending on the Latest Practicable Date.

14. MATERIAL LITIGATION

As at the Latest Practicable Date:

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

15. GENERAL

15.1 Costs and Expenses

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

15.2 Consent of the IFA

Novus Corporate Finance Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter which is set out in **Appendix 1** to this Circular and all references to its name in the form and context in which they appear in this Circular.

15.3 Consent of the Registrar

Boardroom Corporate & Advisory Services Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all the references to its name in the form and context in which they appear in this Circular.

15.4 Consent of the Corporate Secretarial Agent

Tricor HEP Corporate Services Pte. Ltd. has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all the references to its name in the form and context in which they appear in this Circular.

15.5 Consent of the Independent Valuer

APAC Asset Valuation and Consulting Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Report which is set out in **Appendix 5** to this Circular and all references to its name in the form and context in which they appear in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Corporate Secretarial Agent at Tricor HEP Corporate Services Pte. Ltd., c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898, during normal business hours from the date of this Circular up to and included the date of the Closing Date:

- (i) the Bye-laws of the Company;
- (ii) the Annual Report FY2020;
- (iii) the annual reports of the Group for FY2018 and FY2019;
- (iv) the Offer Announcement;
- (v) the Offer Document;
- (vi) the Irrevocable Undertakings;
- (vii) the IFA Letter;
- (viii) the Valuation Report in respect of the Subject Property, as set out in **Appendix 5** to this Circular; and
- (ix) the letters of consent referred to in **Paragraph 15** above.

INFORMATION ON THE OFFEROR

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

“1. SOLE DIRECTOR

The name, address and description of the sole director of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Dr. Du Junhong	Vistra Corporate Services Centre Wickhams Cay II Road Town, Tortola VG1110, British Virgin Islands	Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is a special purpose vehicle incorporated in the British Virgin Islands on 2 January 2014. Its principal activities are those of an investment holding company. The Offeror has not carried on any business since its incorporation. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of US\$1,000 comprising 1,000 ordinary shares.

3. REGISTERED OFFICE

The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

4. FINANCIAL INFORMATION

(a) Summary of Financial Performance

The Offeror has not carried on any business since its incorporation. Based on the audited financial statements of the Offeror for the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019, the Offeror had not recorded any turnover, exceptional items, income, expense, profit or loss and/or minority interest.

The foregoing summary is extracted from, and should be read in conjunction with, the audited financial statements of the Offeror for the three financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 (copies of which are available for inspection as mentioned in paragraph 4 of Appendix 6 to this Offer Document).

(b) Summary of Financial Position

The Offeror has not carried on any business since its incorporation. Based on the audited financial statements of the Offeror for the financial year ended 31 December 2019, the assets and equity of the Offeror comprised only cash of US\$1,000 and share capital of US\$1,000 respectively.

The foregoing summary is extracted from, and should be read in conjunction with, the audited financial statements of the Offeror for the financial year ended 31 December 2019 (a copy of which is available for inspection as mentioned in paragraph 4 of Appendix 6 to this Offer Document).

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, and save for the making and financing of the Offer, there has been no known material change in the financial position of the Offeror since 31 December 2019, being the date of the last audited consolidated financial statements of the Offeror laid before the company in general meeting.

6. SIGNIFICANT ACCOUNTING POLICIES

The audited financial statements of the Offeror for the financial year ended 31 December 2019 have been prepared in accordance with the International Financial Reporting Standards. The significant accounting policies of the Offeror are set out in Note 3 to the audited financial statements of the Offeror for the financial year ended 31 December 2019 (a copy of which is available for inspection as mentioned in paragraph 4 of Appendix 6 to this Offer Document).

7. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there has been no change in the accounting policies of the Offeror since the date of its audited financial statements for the financial year ended 31 December 2019 which will cause the figures set out in paragraph 4 of this Appendix 3 to be not comparable to a material extent.”

RELEVANT ARTICLES IN THE BYE-LAWS

The provisions in the Bye-laws relating to the rights of Shareholders in respect of capital, dividends and voting, are reproduced below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Bye-laws, a copy of which is available for inspection at the office of the Corporate Secretarial Agent at Tricor HEP Corporate Services Pte. Ltd., c/o LCT Holdings Limited 80 Robinson Road #02-00 Singapore 068898, during normal business hours until the Closing Date.

(a) Rights in respect of capital

“SHARE CAPITAL

3. (1) *The share capital of the Company at the date on which these Bye-laws come into effect shall be divided into shares of a par value of US\$0.20 each.*
- (2) *The Company may purchase its own shares for cancellation or to acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Act, the Company’s memorandum of association and, for so long as the shares of the Company are listed on the Designated Stock Exchange, the prior approval of the Members in general meeting for such purchase or acquisition. Such approval of the Members shall remain in force until (i) the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority or (ii) the date by which such annual general meeting is required to be held or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest, and may thereafter be renewed by the Members in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make an announcement to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares, in accordance with the rules or regulations of the Designated Stock Exchange in effect from time to time.*
- (3) *For so long as the shares of the Company are listed on the Designated Stock Exchange, neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in this Bye-law shall prohibit transactions permitted under the Singapore Companies Act.*

ALTERATION OF CAPITAL

4. *The Company may from time to time by ordinary resolution in any manner permitted by law (including the rules or regulations of the Designated Stock Exchange for so long as the shares of the Company are listed on the Designated Stock Exchange):-*
- (a) *increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;*
- (b) *consolidate and divide all or any of its capital into shares of larger amount than its existing shares;*
- (c) *divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine;*

- (d) *sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;*
 - (e) *change the currency denomination of its share capital; and*
 - (f) *cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.*
5. *The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.*
6. *The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.*
7. *Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.*

SHARE RIGHTS

8. (1) *Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.*
- (2) *All the rights attaching to a Treasury Share shall be suspended and shall not be exercisable by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital or shares, of the Company.*
- (3) *The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.*
9. (1) *In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and Financial Statements and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrear.*

- (2) *Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.*
- (3) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

VARIATION OF RIGHTS

10. *Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated only pursuant to a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise), provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the meeting, shall be as valid and effectual as a special resolution. Such preference capital may be so repaid, and the special rights attached to any class may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of these Bye-laws relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. The foregoing provisions of this Bye-law shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*
11. *The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking pari passu therewith.*

SHARES

12. (1) *Subject to the Act and, for so long as the Company is listed on the Designated Stock Exchange, the rules and regulations of the Designated Stock Exchange, no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to these Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount, provided always that:-*
 - (a) *no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the Members in general meeting;*

- (b) *(subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Bye-law 12(2) with such adaptations as are necessary shall apply; and*
- (c) *any other issue of shares, the aggregate of which would exceed the limits referred to in Bye-law 12(3), shall be subject to the approval of the Company in general meeting.*

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

- (2) *Except as permitted under the rules or regulations of the Designated Stock Exchange (for so long as the Company is listed on the Designated Stock Exchange) or any direction given by the Company in general meeting, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Board may dispose of those shares in such manner as they think most beneficial to the Company. The Board may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Board, be conveniently offered under this Bye-law 12(2).*
- (3) *Notwithstanding Bye-law 12(2) above but subject to the Statutes, the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution, to issue shares in the capital of the Company, whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, where the aggregate number of shares to be issued pursuant to such authority does not exceed fifty per cent. (50%) (or such other limit, if any, as may be prescribed by the Designated Stock Exchange) of the issued share capital of the Company at the time of the passing of the said ordinary resolution, of which the aggregate number of shares to be issued other than on a pro rata basis to Members does not exceed twenty per cent. (20%) (or such other limit, if any, as may be prescribed by the Designated Stock Exchange) of the issued share capital of the Company at the time of the passing of the said ordinary resolution; Provided that unless otherwise specified in the ordinary resolution or required by any applicable rules or regulations of the Designated Stock Exchange, such general authority will continue (notwithstanding the authority conferred by the said ordinary resolution may have ceased to be in force) in relation to the issue of shares pursuant to any Instrument made or granted by the Directors while the said ordinary resolution was in force; and Further Provided that such general authority shall only remain in force until (i) the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority or (ii) the date by which such annual general meeting is required to be held or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest.*

- (4) *The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine, Provided that, for so long as the Company is listed on the Designated Stock Exchange, such issue must be specifically approved by the Company in general meeting if required by the rules or regulations of the Designated Stock Exchange.*
- (5) *Subject to the rules and regulations of the Designated Stock Exchange (if applicable), the Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.*
13. *The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.*
14. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.*
15. (1) *Subject to the terms and conditions of any application for shares, the Board shall allot shares applied for within ten (10) market days of the closing date of any such application (or such other period as may be approved by the Designated Stock Exchange).*
- (2) *Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.*

TRANSFER OF SHARES

46. *Subject to these Bye-laws, any Member may transfer all or any of his shares by an instrument of transfer in the form acceptable to the Board provided always that the Company shall accept for registration an instrument of transfer in a form approved by the Designated Stock Exchange.*
47. *The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository and provided further that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Bye-laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.*
48. (1) *The Board may, in its absolute discretion and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share (not being a fully paid up share) on which the Company has a lien or, except in the case of a transfer to executors, administrators or trustees of the estate of a deceased Member, a transfer of any share to more than three (3) joint holders.*

- (2) *No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.*
 - (3) *The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.*
 - (4) *Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act.*
 - (5) *Save as provided in the Bye-laws, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules or regulations of the Designated Stock Exchange).*
 - (6) *Notwithstanding anything to the contrary in these Bye-laws, for so long as the shares of the Company are listed or admitted for trading on the Designated Stock Exchange, shares may be transferred in accordance with the rules or regulations of such Designated Stock Exchange.*
49. *Without limiting the generality of the last preceding Bye-law, the Board may decline to recognise any instrument of transfer unless:-*
- (a) *a fee of such sum (not exceeding two Singapore dollars (S\$2.00) or such other maximum sum as the Designated Stock Exchange may determine to be payable) as the Board may from time to time require is paid to the Company in respect thereof;*
 - (b) *the instrument of transfer is in respect of only one class of share;*
 - (c) *the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and*
 - (d) *if applicable, the instrument of transfer is duly and properly stamped.*
50. *If the Board refuses to register a transfer of any share, it shall, within ten (10) market days after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee written notice of the refusal, providing the reasons which are considered to justify the refusal.*
51. *The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and in accordance with the requirements of the Designated Stock Exchange be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.*

TRANSMISSION OF SHARES

- 52 *In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member. Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.*
- 53 *Subject to Section 52 of the Act, any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Bye-laws relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.*
- 54 *A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-law 74(2) being met, such a person may vote at meetings."*

(b) Rights in respect of dividends

"DIVIDENDS AND OTHER PAYMENTS

135. *The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend in any currency to be paid to the Members and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. The Company in general meeting may also, subject to these Bye-laws and in accordance with the Act, declare a dividend or such other distribution to be paid to the Members but no dividend or distribution shall be declared by the Company in general meeting in excess of the amount recommended by the Board.*
136. *Without prejudice to the generality of the above Bye-law 135 if at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of any dividend on any shares having deferred or non-preferential rights and may also pay periodically any fixed dividend which is payable on any shares of the Company.*

137. *No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.*
138. *Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:-*
- (a) *all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and*
 - (b) *all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.*
139. *The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.*
140. *No unpaid dividend or distribution or other moneys payable by the Company shall bear interest as against the Company.*
141. *Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.*
142. *All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.*
143. *Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.*

- 144 (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:-
- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:-
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the nonelected shares on such basis; or
 - (b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:-
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account) as the Board

may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.

- (2) (a) *The shares allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank pari passu in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Bye-law in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank for participation in such distribution, bonus or rights.*
- (b) *The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Bye-law, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.*
- (3) *The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Bye-law a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.*
- (4) *The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Bye-law shall not be made available or made to any Members with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.*
- (5) *Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Bye-law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.*

RESERVES

- 145 *Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be*

invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

- 146 *The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be issued to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.*
- 147 *The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.*
148. *In addition and without prejudice to the powers provided for by Bye-law 146 and Bye-law 147, the Directors shall have the power to issue shares to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:*
- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit; or*
 - (b) be held by or for the benefit of Directors other than as part of their remuneration under Bye-law 95 and/or Bye-law 97 approved by shareholders in a general meeting in such manner and on such terms as the Directors shall think fit.*

The Directors may do all such acts and things necessary to give effect to any of the foregoing.

LIEN

22. *The Company shall have a first and paramount lien on all the shares not fully paid up registered in the name of a Member (whether solely or jointly with others). Such liens shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Bye-law.*

23. *Subject to these Bye-laws, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*
24. *The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall be paid to the person entitled to the share at the time of the sale or to his executors, administrators or assignees or as he may direct. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.*

CALLS ON SHARES

25. *Subject to these Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.*
26. *A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.*
27. *A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.*
28. *If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.*
29. *No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.*
30. *On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Bye-laws; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.*

31. *Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Bye-laws shall apply as if that amount had become due and payable by virtue of a call duly made and notified.*
32. *On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.*
33. *The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not, whilst carrying interest, entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared or in profits.*

FORFEITURE OF SHARES

34. (1) *If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:-*
 - (a) *requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and*
 - (b) *stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.*
- (2) *If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.*
35. *When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.*
36. *The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture will include surrender.*
37. *Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines. Any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.*
38. *A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the*

purposes of this Bye-law any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. *A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.*
40. *Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.*
41. *The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.*
42. *The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.”*

(c) Rights in respect of voting

“GENERAL MEETINGS

55. *An annual general meeting of the Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within such period that would not infringe the Act and/or the rules or regulations of the Designated Stock Exchange, if any) and place as may be determined by the Board. In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange, the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed four (4) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.*
56. *Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board Provided that for so long as the Company is listed on the Designated Stock Exchange, all general meetings shall be held in Singapore, unless prohibited by the Statutes.*
57. *The Board may whenever it thinks fit call special general meetings, and, subject to the Act, Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.*

NOTICES OF GENERAL MEETINGS

58. (1) *At least fourteen (14) days' Notice of a general meeting shall be given to each Member entitled to attend and vote thereat. A general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) days' Notice. Subject to Bye-law 58(2) below, a general meeting, whether or not a special resolution will be considered at such meeting, may be called by shorter notice if it is so agreed:-*
- (a) *in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and*
- (b) *in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.*
- (2) *For so long as the shares of the Company are listed on the Designated Stock Exchange, at least fourteen (14) days' notice of any general meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange.*
- (3) *The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the Notice shall specify the day, time and place of the meeting and, in case of special business, the general nature of the business. Any Notice of a general meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.*
- (4) *The Secretary may postpone any general meeting called in accordance with the provisions of these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Bye-laws.*
59. *The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.*

PROCEEDINGS AT GENERAL MEETINGS

60. (1) *Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.*
- (2) *All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of declaring a dividend, the reading, considering and adopting of the Financial Statements and the reports of the Directors and Auditors and other documents required to be annexed thereto, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.*
- (3) *No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present*

in person shall form a quorum, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy, or being a corporation by its duly authorized representative, shall form a quorum for the transaction of business at any general meeting of the Company held during such time. For the purposes of this Bye-law, a "Member" includes a person attending as a proxy or as a duly authorized representative of a corporation which is a Member.

61. *If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.*
62. *The president (if there be one) of the Company or the chairman (if there be one) of the Board shall preside as chairman at every general meeting. If at any meeting the president or the chairman, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman.*
63. *The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.*
64. *If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*

VOTING

65. (1) *If required by the rules or regulations of the Designated Stock Exchange (for so long as the shares of the Company are listed on the Designated Stock Exchange), a resolution put to the vote of a meeting shall be decided by way of a poll, unless such requirement is waived by the Designated Stock Exchange.*
- (2) *Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting, every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall:*
 - (a) *on a show of hands have one vote, provided that:*
 - (i) *in the case of a Member who is not a relevant intermediary and is represented by two proxies, only one of the two proxies as determined by that Member shall be entitled to vote on a show of hands and, in the absence of such determination, only one of the two proxies as determined by the chairman of the meeting shall be entitled to vote on a show of hand; and*

(ii) *in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and*

(b) *on a poll have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.*

In the event that a Member participates in a general meeting by telephone or electronic means or other communication facilities, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands or by poll, as the case may be.

(3) *Subject to Bye-law 65(1) above, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:-*

(a) *by the chairman of such meeting; or*

(b) *by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or*

(c) *by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or*

(d) *by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or*

(e) *where the Depository is a Member, by at least three proxies representing the Depository.*

(4) *A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.*

66. *Unless a poll is required by the rules or regulations of the Designated Stock Exchange (if applicable), or duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.*

67. *Where a poll is taken the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken in accordance with the rules and regulations of the Designated Stock Exchange (if applicable) or duly demanded.*

68. *A poll required by the rules and regulations of the Designated Stock Exchange (if applicable) or duly demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll required by the rules and regulations of the Designated Stock Exchange (if applicable) or duly demanded on any other question shall be taken in such manner (including but not limited to the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the meeting) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately. The chairman of the general meeting may, and if so requested by the general*

meeting or, for so long as the Company is listed on the Designated Stock Exchange, if required by the rules and regulations of the Designated Stock Exchange, shall appoint at least one scrutineer who shall be independent of the persons undertaking the polling process and may adjourn the general meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

69. *The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.*
70. *On a poll votes may be given either personally or by proxy.*
71. *A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.*
72. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.*
73. *Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.*
74.
 - (1) *A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than seventy-two (72) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.*
 - (2) *Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that seventy-two (72) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.*
75. *No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.*
76. *If:-*
 - (a) *any objection shall be raised to the qualification of any voter; or*
 - (b) *any votes have been counted which ought not to have been counted or which might have been rejected; or*
 - (c) *any votes are not counted which ought to have been counted;*

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

77. (1) *Save as otherwise provided by law,*

- (a) *a Member (other than the Depository) entitled to attend, speak and vote at a meeting of the Company who is the holder of two or more shares and not a relevant intermediary shall be entitled to appoint not more than two proxies to attend, speak and vote instead of him at the same general meeting; and*
- (b) *a Member entitled to attend, speak and vote at a meeting of the Company who is the holder of two or more shares and is a relevant intermediary shall be entitled to appoint more than two proxies to attend, speak and vote at the same general meeting. Where such Member's form of proxy appoints more than one proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

(2) *In any case where the Member is the Depository:-*

- (a) *the Depository may appoint more than two proxies to attend, speak and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands or on a poll;*
- (b) *unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than seventy-two (72) hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provisions in these Bye-laws, the appointment of proxies by virtue of this Bye-law 77(2)(b) shall not require an instrument of proxy or the lodgement of any instrument of proxy;*
- (c) *the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "CDP Proxy Form") for use at the date relevant to the general meeting in question naming a Depositor whose name is shown in the records of the Depository as at a time not earlier than seventy-two (72) hours prior to the time of the relevant general meeting supplied by the Depository to the Company (the "Nominating Depositor") and permitting that Nominating Depositor to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. Notwithstanding anything to the contrary in these Bye-laws, and save as permitted by law:*
 - (i) *a Nominating Depositor who is not a relevant intermediary shall be entitled to nominate not more than two persons to attend, speak and vote as proxies appointed by the Depository at the same general meeting. Where such Nominating Depositor's CDP Proxy Form nominates more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the CDP Proxy Form; and*

- (ii) *a Nominating Depositor who is a relevant intermediary shall be entitled to nominate more than two persons to attend, speak and vote as proxies appointed by the Depository at the same general meeting. Where such Nominating Depositor's CDP Proxy Form appoints more than one proxy, the number and class of shares in relation to which each proxy has been nominated shall be specified in the CDP Proxy Form.*

The Company shall, in determining rights to vote and other matters in respect of a completed CDP Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form. The submission of any CDP Proxy Form shall not affect the operation of Bye-law 77(2)(b) and shall not preclude a Depositor appointed as a proxy by virtue of Bye-law 77(2)(b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the CDP Proxy Form submitted bearing his name as the Nominating Depositor shall be deemed to be revoked;

- (d) *the Company shall reject any CDP Proxy Form of a Nominating Depositor if his name is not shown in the records of the Depository as at a time not earlier than seventy-two (72) hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and*
- (e) *on a poll the maximum number of votes which a Depositor is, or proxies appointed pursuant to a CDP Proxy Form in respect of that Depositor are, able to cast shall be the number of shares credited to the Securities Account of that Depositor as shown in the records of the Depository as at a time not earlier than seventy-two (72) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any CDP Proxy Form or instrument of proxy executed by or on behalf of the Depository.*

(3) *In any case where an instrument of proxy appoints more than one proxy (including the case when a CDP Proxy Form is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.*

(4) *A proxy need not be a Member. In addition, subject to Bye-law 77(1) and (2), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands. On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way.*

78. (1) *The instrument appointing a proxy shall be in writing, and:*

(a) *in the case of an individual, shall be:*

- (i) *signed under the hand of the appointor or of his attorney duly authorised in writing if the instrument of proxy is delivered personally or sent by post; or*
- (ii) *authorised by that individual through such method and in such manner as may be approved by the Directors if the instrument of proxy is submitted by electronic means; and*

(b) *in the case of a corporation (other than the Depository), shall be:*

- (i) *either under its seal or signed by a duly authorised officer, attorney or other person authorised to sign the same if the instrument of proxy is delivered personally or sent by post; or,*
- (ii) *authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic means; and*

- (c) *in the case of the Depository, shall be signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate, or authorised by the Depository through such method and in such manner as may be approved by the Directors if the instrument is permitted by law to be submitted by electronic means.*

The Directors may designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

- (2) *In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.*

- (3) *The Directors may, in their absolute discretion:*

- (a) *approve the method and manner for an instrument appointing a proxy to be authorised; and*

- (b) *designate the procedure for authenticating an instrument appointing a proxy,*

as contemplated in Bye-law 78(1)(a)(ii) and Bye-law 78(1)(b)(ii) for application to such Members or Depositors, or class of Members or Depositors as they may determine. Where the Directors do not so approve and designate in relation to a Member or Depositor (whether of a class or otherwise), Byelaw 78(1)(a)(i) and/or Bye-law 78(1)(b)(ii) shall apply.

- 79. (1) *The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed on behalf of the appointor (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority, shall:*

- (a) *if sent personally or by post, be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate); or*

- (b) *if submitted by electronic means, be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the general meeting,*

and in either case not less than seventy-two (72) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than seventy-two (72) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

- (2) *The Directors may, in their absolute discretion, and in relation to such Members or Depositors, or class of Members or Depositors as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Bye-law 79(1)(b). Where the Directors do not specify in relation to a Member or Depositor (whether of a class or otherwise), Bye-law 79(1)(a) shall apply.*

80. *Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the Depository) or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.*
81. *A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.*
82. *Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply mutatis mutandis in relation to any such attorney and the instrument under which such attorney is appointed.*

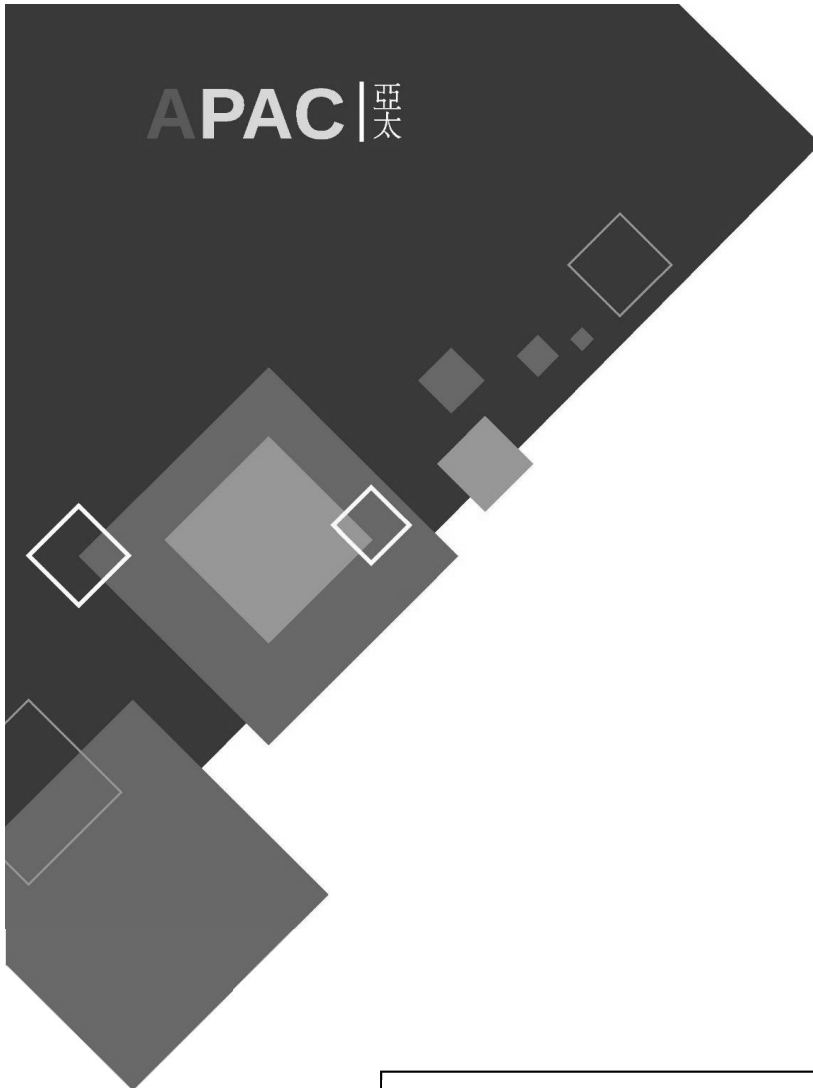
CORPORATIONS ACTING BY REPRESENTATIVES

83. (1) *Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.*
- (2) *Where a Member is the Depository (or its nominee, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the Depository (or its nominee) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.*
- (3) *Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.”*
- (d) **Alteration of Bye-laws and Amendment to Memorandum of Association and Name of Company**

“ALTERATION OF BYE-LAWS AND AMENDMENT TO MEMORANDUM OF ASSOCIATION AND NAME OF COMPANY

165. *No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made without the prior written approval of the Designated Stock Exchange and until the same has been approved by a resolution of the Board and confirmed by a special resolution of the Members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.”*

VALUATION REPORT



In Respect of the whole of Levels 1 to 16
and ancillary facilities in Basement of
Tower A of Longcheer Science and
Technology Park, No. 29 Jinye First Road,
Hi-tech Zone, Yanmen District, Xi'an,
Shaanxi Province, The People's Republic
of China



APAC Asset Valuation and Consulting Limited

5/F., Blissful Building, 243 – 247 Des Voeux Road Central, Hong Kong
Tel: (852) 2357 0059
Fax: (852) 2951 0799

The Directors
LCT Holdings Limited
Block 9 of No. 2
No. 399 Shengxia Road
Pudong New District
Shanghai
The People's Republic of China

30 September 2020

Our Ref: P/HK/2020/VAL/0041

Dear Sirs/ Madams,

RE: THE WHOLE OF LEVELS 1 TO 16 AND ANCILLARY FACILITIES IN BASEMENT OF TOWER A OF LONGCHEER SCIENCE AND TECHNOLOGY PARK, NO. 29 JINYE FIRST ROAD, HI-TECH ZONE, YANMEN DISTRICT, XI'AN, SHAANXI PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

We refer to your instruction for us to value the Property situated in the People's Republic of China (the "PRC"), we confirm that we have made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the Property as at 30 June 2020 (the "valuation date") for your internal reference purpose only, not for the purpose of financing, acquisition, disposal, investment, etc. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the Property.

We have assumed that the approval of selling the Property will be granted from the local government at no extra land grant premium and onerous charges payable.

Our valuation is our opinion of the market value of the Property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.



We are independent of the Company and our valuation complies with the requirements as set out in the “International Valuation Standards” published by the International Valuation Standards Council.

We have valued the Property by the Income approach and Market Approach. For the income approach, we have taken into account the rental income of the Property derived from its existing tenancies with due allowance for the reversionary income potential of the tenancies. For the Market Approach, we have valued the Property on the assumption that the Property can be sold with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available on the relevant market. We have taken the weighted average of both approaches in arriving the market value of the Property.

We have been provided with extracts from title documents relating to the Property. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers. However, for the purpose of our valuation, we have assumed that the Property is freely transferrable on the market at no extra land grant premium and onerous charges payable.

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, floor area, tenancies and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the instructing party, and have been advised by the instructing party that no material facts have been omitted from the information provided.

Due to the outbreak of COVID-19, we are not able to carry out on-site inspection of the Property and we have relied on the observation from an inspection by means of video conferencing whilst the last site inspection was carried out in 2015. We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the Property but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us by you are therefore only approximations. No structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the Property is free of rot, infestation or any structural defects. No tests have been carried out on any of the building services. The valuation has been prepared on the assumption that these aspects are satisfactory.

The outbreak of the Novel Coronavirus (COVID-19) was declared by the World Health Organization as a “Global Pandemic” on 11th March 2020. Market activity is being impacted in many sectors. The current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of “material valuation uncertainty” as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the property under frequent review.



The outbreak of COVID-19 has caused much disruption to economic activities around the world. This disruption has increased the risk towards the achievability of the rental/ sale/ income projections/ assumptions. It may also have a negative impact towards property market sentiment in future, and hence any form of required rate of return as well as liquidity of any asset. As of the report date, it is uncertain and unpredictable how long the disruption will last and to what extent it will affect the economy and the market. As a result, it causes volatility and uncertainty that value may change significantly and unexpectedly in future, even over short periods. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property. The valuation is our opinion of value as at and up to the valuation date. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. We noted that both the general economy and property market in the PRC have been influenced by the outbreak of COVID-19. However, we are not able to quantify the direct effect of the outbreak of the disease on the value of the Property but we have already taken into account of the effect which we believe have been reflected in the economic, market and other conditions as at and up to the valuation date.

No allowance has been made in our report for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Neither the whole nor any part of this valuation report nor any reference there to may be included in any documents, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

A draft of this report and our calculation has been sent to you. You have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that you are not aware of any material matters relevant to our engagement which have been excluded.

This report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Property which may have an impact on our report up to the valuation date. We have no responsibility to update this report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi ("RMB").



Our valuation report is attached.

Yours faithfully,

For and on behalf of

APAC Asset Valuation and Consulting Limited

A handwritten signature in black ink, appearing to be 'K. F. Pang', written on a light-colored background.

K. F. Pang
MHKIS, MRICS, RPS(GP)
Director

Note: Mr K.F. Pang is a Registered Professional Surveyor in General Practice Division with over 24 years valuation experience on properties in Hong Kong, China and other countries.

Encl.



VALUATION REPORT

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	Market value in existing state as at <u>30 June 2020</u>																																						
<p>The whole of Levels 1 to 16 and ancillary facilities in Basement of Tower A of Longcheer Science and Technology Park, No. 29 Jinye First Road, Hi-tech Zone, Yanmen District, Xi'an, Shaanxi Province, PRC</p>	<p>Tower A of Longcheer Science and Technology Park (the "Development") is an R&D building erected on a parcel of land with a site area of 3,641.00 sq.m. The Development was completed in 2011.</p> <p>The Property comprises the whole of Levels 1 to 16 and ancillary facilities in basement of the Development with a total gross floor area of 14,890.98 sq.m. Details of the area breakdown are as follows:</p>	<p>As at the valuation date, portion of the Property was subject to various tenancies.</p>	<p>RMB132,000,000</p>																																						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Floor</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr><td>1 (R&D Units)</td><td style="text-align: right;">1,010.99</td></tr> <tr><td>2 (R&D Units)</td><td style="text-align: right;">863.94</td></tr> <tr><td>3 (R&D Units)</td><td style="text-align: right;">1,010.99</td></tr> <tr><td>4 (R&D Units)</td><td style="text-align: right;">1,010.99</td></tr> <tr><td>5 (R&D Units)</td><td style="text-align: right;">949.20</td></tr> <tr><td>6 (R&D Units)</td><td style="text-align: right;">949.20</td></tr> <tr><td>7 (R&D Units)</td><td style="text-align: right;">1,010.99</td></tr> <tr><td>8 (R&D Units)</td><td style="text-align: right;">949.20</td></tr> <tr><td>9 (R&D Units)</td><td style="text-align: right;">949.20</td></tr> <tr><td>10 (R&D Units)</td><td style="text-align: right;">1,010.99</td></tr> <tr><td>11 (R&D Units)</td><td style="text-align: right;">969.76</td></tr> <tr><td>12 (R&D Units)</td><td style="text-align: right;">966.22</td></tr> <tr><td>13 (R&D Units)</td><td style="text-align: right;">1,010.99</td></tr> <tr><td>14 (R&D Units)</td><td style="text-align: right;">966.55</td></tr> <tr><td>15 (R&D Units)</td><td style="text-align: right;">966.55</td></tr> <tr><td>16 (Ancillary Facilities)</td><td style="text-align: right;">276.71</td></tr> <tr><td>Basement (Ancillary Facilities)</td><td style="text-align: right;">18.51</td></tr> <tr><td>Total:</td><td style="text-align: right;"><u>14,890.98</u></td></tr> </tbody> </table>	Floor	Gross Floor Area (sq.m.)	1 (R&D Units)	1,010.99	2 (R&D Units)	863.94	3 (R&D Units)	1,010.99	4 (R&D Units)	1,010.99	5 (R&D Units)	949.20	6 (R&D Units)	949.20	7 (R&D Units)	1,010.99	8 (R&D Units)	949.20	9 (R&D Units)	949.20	10 (R&D Units)	1,010.99	11 (R&D Units)	969.76	12 (R&D Units)	966.22	13 (R&D Units)	1,010.99	14 (R&D Units)	966.55	15 (R&D Units)	966.55	16 (Ancillary Facilities)	276.71	Basement (Ancillary Facilities)	18.51	Total:	<u>14,890.98</u>		
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<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market value in existing state as at 30 June 2020</u>
	The land use rights of the Property have been granted for a term expiring on 25 December 2057 for science and education uses.		

Notes:

1. Pursuant to the Land Use Rights Certificate – Xi Gao Ke Ji Guo Yong (2015) No. 25416 dated 13 April 2015, the land use rights of a parcel of land of the Development with a site area of 3,641.0 sq.m. have been granted to Xi'an Longfei Software Co., Ltd. (西安龍飛軟體有限公司) ("Xi'an Longfei") for a term due to expire on 25 December 2057 for science and educational uses.
2. Pursuant to the Building Ownership Certificate – Xi An Shi Fang Quan Zheng Gao Xin Qu Zi Di No. 1050100016-14-1-10101 dated 29 January 2012, the building ownership of portion of the Property with a total gross floor area of 14,872.47 sq.m. is vested in Xi'an Longfei Software Co., Ltd. ("Xi'an Longfei").
3. Pursuant to the Building Ownership Certificate – Xi An Shi Fang Quan Zheng Gao Xin Qu Zi Di No. 1050100016-14-2-1F102 dated 29 January 2012, the building ownership of portion of the Property with a total gross floor area of 18.51 sq.m. is vested in Xi'an Longfei.
4. As advised by the Company, all land premium and costs of resettlement and public utilities have been fully settled.

We have prepared our valuation based on the following assumptions:

- (i) the Property has a proper legal title;
- (ii) the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
- (iii) there will be no legal obstacle for Xi'an Longfei to apply and obtain the approval for selling the Property.



5. We have valued the Property by using Income Approach. We have also considered its market value by Market Approach so as to crosschecking the reasonableness of the valuation result generated by the aforesaid Income Approach. Summary of the result is listed as follow.

	Market Value as at 30 June 2020
Income Approach	RMB130,000,000
Market Approach	RMB134,000,000

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