

THIS SCHEME DOCUMENT IS ISSUED BY FISCHER TECH LTD (“COMPANY”). THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all or any of your issued and fully paid-up ordinary shares in the capital of the Company, you should immediately hand this Scheme Document and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Scheme Document.



**PROPOSED ACQUISITION OF FISCHER TECH LTD
BY FT HOLDING II LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE**

Independent Financial Adviser to the Independent Directors



IMPORTANT

Latest date and time for lodgement of Proxy Form for Scheme Meeting : 4 October 2017 at 3:00 p.m.

Date and time of Scheme Meeting : 6 October 2017 at 3:00 p.m.

Place of Scheme Meeting : 39 Scotts Road, Sheraton Towers Singapore, Ballroom 1, Level Two, Singapore 228230

The action to be taken by you is set out on page 42 of this Scheme Document.

The important dates, times and place relating to the Scheme Meeting and the expected timetable are set out on page 12 of this Scheme Document. Your attention is also drawn to the notes under the expected timetable.

CONTENTS

	Page
DEFINITIONS	3
FORWARD-LOOKING STATEMENTS	11
EXPECTED TIMETABLE	12
CORPORATE INFORMATION	13
HIGHLIGHTS OF THE SCHEME	14
LETTER TO SHAREHOLDERS	16
1. INTRODUCTION	16
2. RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY	17
3. THE ACQUISITION AND THE SCHEME	18
4. IRREVOCABLE UNDERTAKINGS	21
5. NO CASH OUTLAY	22
6. WAIVER OF RIGHTS TO A GENERAL OFFER	22
7. DELISTING	22
8. CONFIRMATION OF FINANCIAL RESOURCES	22
9. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS	23
10. INDEPENDENT DIRECTORS' RECOMMENDATION	24
11. DIRECTORS' INTENTIONS WITH RESPECT TO THEIR SHARES	24
12. DIRECTORS' RESPONSIBILITY STATEMENT	24
13. GENERAL INFORMATION	25
EXPLANATORY STATEMENT	26
1. INTRODUCTION	26
2. RATIONALE FOR THE ACQUISITION	26
3. THE ACQUISITION AND THE SCHEME	26
4. IRREVOCABLE UNDERTAKINGS	28
5. INFORMATION ON THE OFFEROR AND PLATINUM	29
6. SCHEME MEETING	29
7. CONDITIONS OF THE SCHEME	30
8. SCHEME CONDITIONS AND REGULATORY APPROVALS	36
9. EFFECT OF THE SCHEME AND DELISTING	37

CONTENTS

10. IMPLEMENTATION OF THE SCHEME.....	37
11. CLOSURE OF BOOKS	39
12. SETTLEMENT AND REGISTRATION PROCEDURES.....	40
13. DIRECTORS' INTERESTS	40
14. OVERSEAS SHAREHOLDERS.....	41
15. ACTION TO BE TAKEN BY SHAREHOLDERS.....	42
16. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS.....	42
17. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER.....	42
18. INDEPENDENT DIRECTORS' RECOMMENDATION	42
19. GENERAL INFORMATION	42
APPENDIX 1 : LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME.....	43
APPENDIX 2 : LETTER FROM THE OFFEROR TO SHAREHOLDERS	71
APPENDIX 3 : GENERAL INFORMATION RELATING TO THE COMPANY	119
APPENDIX 4 : EXTRACTS FROM THE COMPANY'S CONSTITUTION.....	127
APPENDIX 5 : AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017.....	142
APPENDIX 6 : UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016.....	201
APPENDIX 7 : SCHEME CONDITIONS.....	217
APPENDIX 8 : PRESCRIBED OCCURENCES.....	220
APPENDIX 9 : OFFEROR'S WARRANTIES	222
APPENDIX 10 : COMPANY'S WARRANTIES.....	223
APPENDIX 11 : THE SCHEME	233
APPENDIX 12 : NOTICE OF SCHEME MEETING	239
PROXY FORM FOR SCHEME MEETING	

DEFINITIONS

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

“2017 Audited Accounts”	: The consolidated audited accounts of the Group for the financial year ended 31 March 2017
“6M2016”	: The six (6) months ended 30 September 2016
“Acquisition”	: Has the meaning ascribed to it in paragraph 1.1 of the Letter to Shareholders
“ACRA”	: The Accounting and Corporate Regulatory Authority of Singapore
“Antitrust Approvals”	: The consents, approvals and other acts set out in paragraphs 4(c) and 4(d) of Appendix 7 to this Scheme Document
“Board”	: The board of directors of the Company from time to time
“Books Closure Date”	: A date and time to be announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of Shareholders under the Scheme
“Business”	: The business conducted by the Group of manufacturing precision plastic injection moulds, high precision plastic injection moulding, laser marking and decorative finishing for engineering components for the automotive, computer peripherals, healthcare and consumer product industries
“Business Day”	: A day other than a Saturday, a Sunday or a public holiday in Singapore
“CDP”	: The Central Depository (Pte) Limited
“CKW”	: Mr. Chan Kok Wai, Peter
“Claims”	: Has the meaning ascribed to it in paragraph 7.3(c)(xvii)(H) of the Explanatory Statement
“Code”	: The Singapore Code on Take-overs and Mergers
“Companies Act”	: The Companies Act, Chapter 50 of Singapore
“Company”	: Fischer Tech Ltd
“Company Securities”	: Collectively, any (a) Shares; (b) securities which carry voting rights in the Company; or (c) convertible securities, warrants, options and derivatives in respect of Shares or securities which carry voting rights in the Company

DEFINITIONS

“Competing Offer”	: Any offer, proposal or expression of interest by any person(s) other than the Offeror pursuant to which such person(s) or any other person(s) may, directly or indirectly, and whether by way of share purchase, share subscription, scheme of arrangement or amalgamation, capital reconstruction or capital reduction, purchase of assets, exit offer, tender offer, general offer, partial offer, joint venture, dual listed company structure, or otherwise: (a) acquire or become the holder or owner of, or otherwise have an economic interest in all or any material part of (i) the businesses, assets, revenues and/or undertakings of the Group, or (ii) the share capital of any member of the Group, it being agreed, for this purpose, that a Competing Offer will be deemed to be for or in respect of a material part of the assets, business, revenues and/or undertakings of the Group if the assets, business revenues and/or undertakings in question constitute a “material amount” as that term is defined in Note 2 to Rule 5 of the Code; (b) acquire Control over, or merge, consolidate or amalgamate with, any member of the Group; (c) benefit under any other arrangement having an effect similar to any of the above; or (d) effect a transaction or series of related transactions which would or is reasonably likely to preclude or restrict the Acquisition and/or the Scheme
“Constitution”	: The constitution of the Company
“Consultancy Agreement”	: Has the meaning ascribed to it in paragraph 10.3 of Appendix 3 to this Scheme Document
“Control”	: With respect to a company, the right to exercise, directly or indirectly, more than 50 per cent. of the voting rights attributable to the shares of the controlled company and, with respect to any person other than a company, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person
“Court”	: The High Court of the Republic of Singapore, or where applicable on appeal, the Court of Appeal of the Republic of Singapore
“Court Order”	: The order of the Court sanctioning the Scheme under Section 210 of the Companies Act
“CPF”	: The Central Provident Fund
“CPF Agent Banks”	: Agent banks included under the CPFIS
“CPFIS”	: CPF Investment Scheme
“CPFIS Investors”	: Investors who purchased Shares using their CPF savings under the CPFIS

DEFINITIONS

“Cut-off Date”	: 27 February 2018, being the date falling seven (7) months from the date of the Implementation Agreement (or such other date as may be agreed in writing between the Company and the Offeror)
“Data Room”	: The virtual data room containing certain documents relating to the Group and/or the transaction(s) contemplated under the Implementation Agreement and hosted by Intralinks at https://www.intralinks.com
“Data Room Index”	: The index of the Data Room Information disclosed by the Company as at 5.00 p.m. on 30 June 2017 as part of the due diligence process, a copy of which is appended to the Disclosure Letter
“Data Room Information”	: (a) All documents made available in the Data Room; and (b) such information provided by or on behalf of the Company to the Offeror in writing prior to the date of the Implementation Agreement during the Offeror’s due diligence process, each as identified in the Data Room Index
“Deed of Undertaking”	: Has the meaning ascribed to it in paragraph 4 of the Letter to Shareholders
“Directors”	: The directors of the Company as at the Latest Practicable Date
“Disclosed”	: Fairly and fully disclosed with sufficient details so as to enable the Offeror to assess the nature, relevance and scope (including the likely magnitude of the risk and liability) of the matter disclosed
“Disclosure Letter”	: The letter and the schedules and annex thereto dated the same date as the Implementation Agreement from the Company to the Offeror, on a private and confidential basis, disclosing: (a) information constituting exceptions to the representations and warranties given by the Company set out in Part II of Schedule 2 to the Implementation Agreement (as reproduced in Appendix 10 to this Scheme Document); and (b) details of other matters referred to in the Implementation Agreement
“Dividends”	: Has the meaning ascribed to it in paragraph 3.1(a)(iii) of the Letter to Shareholders
“EC Act”	: Has the meaning ascribed to it in paragraph 7.1(b)(v) of the Explanatory Statement
“EC Authority”	: Has the meaning ascribed to it in paragraph 7.1(b)(v) of the Explanatory Statement
“Effective Date”	: The date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms
“Encumbrance”	: Any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind or an agreement, arrangement or obligation (whether conditional or otherwise) to create any of the foregoing

DEFINITIONS

“Entitled Shareholders”	: Shareholders as at 5:00 p.m. on the Books Closure Date
“Existing Facility Agreements”	: The facility agreements and documents entered into by the relevant Group Companies and the relevant Existing Lenders and in force as at the date of the Implementation Agreement as specified in the Data Room Index and contained in the Data Room
“Existing Lenders”	: The lender(s) under each of the Existing Facility Agreements
“Explanatory Statement”	: The explanatory statement in compliance with Section 211 of the Companies Act as set out on pages 26 to 42 of this Scheme Document
“EY”	: Ernst & Young LLP, auditors to the Company
“FCO”	: Has the meaning ascribed to it in paragraph 7.1(b)(iv) of the Explanatory Statement
“FMT”	: Mr. Foo Meng Tong
“FY”	: Financial year ended or ending 31 March, as the case may be
“GAARC”	: Has the meaning ascribed to it in paragraph 7.1(b)(iv) of the Explanatory Statement
“GBP” or “£”	British Pound sterling, being the lawful currency of the United Kingdom
“Group”	: The Company and its subsidiaries from time to time
“Group Company”	: A member of the Group
“GST”	: Goods and services tax charged under the Goods and Services Tax Act, Chapter 117A of Singapore or equivalent tax in any other applicable jurisdiction, as the case may be
“Harmony”	: Harmony (S) Holdings Pte. Ltd.
“HK\$”	: Hong Kong dollars, being the lawful currency of Hong Kong
“HoldCo”	: FT Holding I Limited, being the direct holding company of the Offeror
“Holding Announcement Date”	: 5 April 2017, being the date on which the Company released a holding announcement in respect of a possible transaction
“IFA”	: Provenance Capital Pte. Ltd., the independent financial adviser to the Independent Directors
“IFA Letter”	: Has the meaning ascribed to it in paragraph 9.1 of the Letter to Shareholders
“Implementation Agreement”	: The implementation agreement dated 27 July 2017 entered into between the Company and the Offeror setting out the terms and conditions on which the Company and the Offeror will implement the Scheme

DEFINITIONS

“Independent Directors”	: The Directors who are considered independent for the purposes of making a recommendation to the Shareholders on the Scheme, namely all of the Directors
“Joint Announcement”	: The joint announcement by the Company and the Offeror dated 27 July 2017 in relation to, <i>inter alia</i> , the Acquisition and the Scheme
“Joint Announcement Date”	: 27 July 2017, being the date of the Joint Announcement
“Key Management Personnel”	: Collectively, the chief executive officer of the Group, the chief financial officer of the Group, the chief operating officer of the Group and the general manager(s) of each jurisdiction in which the Group operates
“Latest Practicable Date”	: 14 September 2017, being the latest practicable date prior to the printing of this Scheme Document
“Letter to Shareholders”	: The letter to the Shareholders as set out on pages 16 to 25 of this Scheme Document
“Listing Rules”	: The listing rules of the Main Board of the SGX-ST, as amended, modified or supplemented from time to time
“Major Customer”	: A major customer that had, together with such customer’s contract manufacturers, contributed (in aggregate) 10 per cent. or more to the gross revenue of the Group for the financial year ended 31 March 2017 as shown in the 2017 Audited Accounts (for the avoidance of doubt, an individual contract manufacturer is not deemed to be a Major Customer for the purposes of the Implementation Agreement)
“Market Day”	: A day on which the SGX-ST is open for trading of securities
“Material Adverse Effect”	: Has the meaning ascribed to it in paragraph 11 of Appendix 7 to this Scheme Document
“No-Shop Period”	: The period from (and including) the date of the Implementation Agreement up to (and including) the earlier of: (a) the date on which the Implementation Agreement is terminated in accordance with its terms; and (b) the Cut-off Date
“Offer”	: Has the meaning ascribed to it in paragraph 3.2 of the Letter to Shareholders
“Offer Document”	: Has the meaning ascribed to it in paragraph 3.2 of the Letter to Shareholders
“Offer Price”	: Has the meaning ascribed to it in paragraph 3.2 of the Letter to Shareholders
“Offeror”	: FT Holding II Limited

DEFINITIONS

“Offeror Convertible Securities”	: Convertible securities, warrants, options and derivatives in respect of the Offeror Shares or other securities (if any) which carry voting rights in the Offeror
“Offeror Shares”	: Ordinary shares in the capital of the Offeror
“Overseas Shareholder”	: Has the meaning ascribed to it in paragraph 14.1 of the Explanatory Statement
“Party”	: Each of the Company and the Offeror (collectively, “Parties”)
“Performance Share Plan”	: The Fischer Tech Performance Share Plan 2016 approved and adopted at the extraordinary general meeting of the Company held on 7 June 2016
“Platinum”	: Platinum Equity Advisors, LLC together with its subsidiaries
“Platinum Concert Party Group”	: Platinum, the Offeror and persons acting in concert with them
“Prescribed Occurrence”	: Has the meaning ascribed to it in Appendix 8 to this Scheme Document
“Proxy Form”	: The accompanying proxy form for the Scheme Meeting as set out in this Scheme Document
“Register of Directors”	: The register of directors of the Company
“Register of Members”	: The register of members of the Company
“Register of Substantial Shareholders”	: The register of substantial shareholders of the Company
“Relevant Date”	: The Business Day immediately prior to the lodgement of the Court Order with ACRA
“Relevant Shares”	: Has the meaning ascribed to it in paragraph 4(a) of the Letter to Shareholders
“Representatives”	: In relation to any Party or person, its officers, employees, agents, representatives and advisers
“RMB”	: Chinese renminbi, being the lawful currency of the People’s Republic of China
“Scheme”	: The scheme of arrangement under Section 210 of the Companies Act dated 20 September 2017 as set out in Appendix 11 on pages 233 to 238 of this Scheme Document (as may be amended or modified from time to time)
“Scheme Conditions”	: The conditions precedent in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Cut-off Date for the Scheme to be implemented and which are reproduced in Appendix 7 to this Scheme Document

DEFINITIONS

“Scheme Consideration”	: The cash amount of S\$3.02 for each Share to be paid by the Offeror to each Entitled Shareholder in accordance with the terms of the Scheme
“Scheme Document”	: This document dated 20 September 2017 and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Scheme Meeting”	: The meeting of the Shareholders to be convened pursuant to the order of the Court to approve the Scheme, notice of which is set out in Appendix 12 on pages 239 to 241 of this Scheme Document, and any adjournment thereof
“Securities Account”	: The relevant 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
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“SGXNET”	: The website of the SGX-ST
“Share Registrar”	: Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company
“Shareholders”	: Persons who are registered as holders of Shares in the Register of Members and Depositors who have Shares entered against their names in the Depository Register
“Shares”	: The issued and paid-up ordinary shares in the capital of the Company (excluding, for the avoidance of doubt, any treasury shares)
“SIC”	: Securities Industry Council of Singapore
“SRS”	: Supplementary Retirement Scheme
“SRS Agent Banks”	: Agent banks included under the SRS
“SRS Investors”	: Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Switch Option”	: Has the meaning ascribed to it in paragraph 3.2 of the Letter to Shareholders
“S\$” or “SGD”	: Singapore dollars, being the lawful currency of Singapore
“TCK”	: Mr. Tan Choon King
“Transfer Books”	: The transfer books of the Company
“Undertaking Parties”	: The Undertaking Shareholders, FMT and TCK
“Undertaking Shareholders”	: Harmony, Univac and CKW
“Univac”	: Univac Precision Engineering Pte Ltd

DEFINITIONS

“US\$” or “USD”	:	United States dollars, being the lawful currency of the United States of America
“VWAP”	:	Volume weighted average price
“%” or “per cent.”	:	Per centum or percentage

Acting in Concert and Concert Parties. The expression “**acting in concert**” and the term “**concert parties**” shall have the meanings as ascribed to them respectively in the Code.

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

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

Headings. The headings in this Scheme Document are inserted for convenience only and shall be ignored in construing this Scheme Document.

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

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Scheme Document are, as the context so determines, to Shareholders (including persons whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST).

Statutes. Any reference in this Scheme Document to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended modified, supplemented or re-enacted. Any word defined under the Companies Act, the Code, the Listing Rules or any modification thereof and not otherwise defined in this Scheme Document shall, where applicable, have the meaning ascribed to that word under the Companies Act, the Code, the Listing Rules or that modification, as the case may be, unless the context otherwise requires.

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

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

Total Number of Shares and Percentage of Shares. In this Scheme Document, the total number of Shares as at the Latest Practicable Date is 55,760,986. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Scheme Document are based on 55,760,986 Shares as at the Latest Practicable Date.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Scheme Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s or the Company’s (as the case may be) current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Offeror and the Company should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Company undertakes any obligation to update publicly or revise any forward-looking statements.

EXPECTED TIMETABLE

Latest date and time for lodgement of Proxy Form for the Scheme Meeting	:	4 October 2017 at 3:00 p.m. ^{(1) (2)}
Date and time of the Scheme Meeting	:	6 October 2017 at 3:00 p.m.
Place of the Scheme Meeting	:	39 Scotts Road, Sheraton Towers Singapore, Ballroom 1, Level Two, Singapore 228230
Expected date of Court hearing of the application to sanction the Scheme	:	23 October 2017
Expected last day for trading of Shares on the SGX-ST	:	27 October 2017
Expected Books Closure Date	:	1 November 2017 at 5.00 p.m.
Expected Relevant Date	:	1 November 2017 ⁽³⁾
Expected Effective Date	:	2 November 2017 ⁽⁴⁾
Expected date for the payment of the Scheme Consideration	:	By 13 November 2017
Expected date for the delisting of Shares from the SGX-ST	:	After payment of the Scheme Consideration

You should note that save for the latest date and time for the lodgement of the Proxy Form and the date, time and place of the Scheme Meeting, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Company and/or the SGX-ST for the exact dates of these events.

Notes:

- (1) Shareholders are requested to lodge the Proxy Forms for the Scheme Meeting in accordance with the instructions contained therein not less than 48 hours before the time appointed for the Scheme Meeting.
- (2) All Proxy Forms for the Scheme Meeting must be lodged with the Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623. Completion and lodgement of a Proxy Form will not prevent a Shareholder from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
- (3) Assuming that Effective Date is on 2 November 2017.
- (4) The Scheme will only be effective and binding upon lodgement of the Court Order with ACRA. The Court Order will be lodged with ACRA upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions, a list of which is set out in **Appendix 7** to this Scheme Document.

CORPORATE INFORMATION

DIRECTORS	: Mr. Foo Meng Tong Mr. Tan Choon King Mr. Chan Kok Wai, Peter Mr. Ng Boon Yew Mr. Moy Kok Leng, James Mr. Leong Hong Kiat, Amos
COMPANY SECRETARIES	: Ms. Tan Ching Chek Ms. Teo Ah Hiong
REGISTERED OFFICE	: 3 Ang Mo Kio Street 62 #02-08 LINK@AMK Singapore 569139
SHARE REGISTRAR	: Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
LEGAL ADVISER TO THE COMPANY	: Drew & Napier LLC 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315
INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS	: Provenance Capital Pte. Ltd. 96 Robinson Road #13-01 SIF Building Singapore 068899
AUDITORS	: Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
LEGAL ADVISER TO THE OFFEROR	: Clifford Chance Pte. Ltd. Marina Bay Financial Centre 25th Floor, Tower 3 12 Marina Boulevard Singapore 018982
FINANCIAL ADVISER TO THE OFFEROR	: Goldman Sachs (Singapore) Pte. 1 Raffles Link #07-01 South Lobby Singapore 039393

HIGHLIGHTS OF THE SCHEME

The information in this section is a summary of the terms of the Scheme and is qualified by, and should be read in conjunction with, the full information contained in the rest of this Scheme Document.

- Company** : Fischer Tech Ltd, a company incorporated in Singapore.
- Offeror** : FT Holding II Limited, a special purpose company incorporated under the laws of the Cayman Islands, which is an indirect wholly-owned subsidiary of investment funds and entities affiliated with and advised by Platinum.
- Scheme** : The Acquisition will be effected by way of a scheme of arrangement under Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.
- Scheme Terms** : Upon the Scheme becoming effective and binding in accordance with its terms, all the Shares held by the Entitled Shareholders will be transferred to the Offeror fully paid, free from Encumbrances and together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (other than the Dividends), in exchange for the Scheme Consideration. The Company has paid the Dividends on 17 August 2017.
- Scheme Consideration** : S\$3.02 in cash for each Share, provided that if any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date (other than the Dividends), the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution.
- Shares** : All the issued and paid-up ordinary shares in the capital of the Company (excluding, for the avoidance of doubt, any held as treasury shares).
- Shareholders** : Persons who are registered as holders of Shares in the Register of Members and Depositors who have Shares entered against their names in the Depository Register.
- Scheme Conditions** : The Scheme is conditional upon the satisfaction or waiver (as the case may be) of all the Scheme Conditions by the Cut-off Date as described in **paragraph 7** of the Explanatory Statement. A list of the Scheme Conditions is set out in **Appendix 7** to this Scheme Document.
- Scheme Meeting** : The Scheme must be approved at the Scheme Meeting by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting.
- When the Scheme, with or without modification, becomes effective, it will be binding on all Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

HIGHLIGHTS OF THE SCHEME

- | | |
|--|--|
| Delisting | : Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and subject to the approval of the SGX-ST, the Company will be delisted from the Official List of the SGX-ST. |
| Rationale of the Acquisition | : The Offeror believes that Acquisition represents an opportunity for the Offeror to acquire a complementary business in the same plastic precision engineering industry that reinforces Platinum's existing geographic footprint and revenue base across diverse end-markets. |
| Financial evaluation of the Scheme Consideration | : The Scheme Consideration represents a premium of approximately 31.3 per cent. over the Company's closing share price of S\$2.300 as at 4 April 2017, being the the last trading day immediately prior to the Holding Announcement Date, and a premium of 95.6 per cent., 76.5 per cent., 63.6 per cent., and 46.9 per cent. over the VWAP of the Shares over the 12, 6, 3 and 1-month periods, respectively, up to and including 4 April 2017. |
| IFA's advice to the Independent Directors in relation to the Scheme | <p>: The IFA has made certain recommendations to the Independent Directors, an extract of which is reproduced in italics below.</p> <p><i>"Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme (that is, the Scheme Consideration) is fair and reasonable and the Scheme is not prejudicial to the interests of Shareholders. Accordingly, we advise the Directors to recommend Shareholders to vote in favour of the Scheme. The Directors should also highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme."</i></p> |
| Independent Directors' recommendation to Shareholders | <p>: Subject to the qualifications and bases set out in paragraph 10 of the Letter to Shareholders, the Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors recommend that Shareholders VOTE IN FAVOUR of the Scheme at the Scheme Meeting.</p> |

The summary above should be read in conjunction with, and in the context of, the Independent Directors' recommendation as set out in **paragraph 10** of the Letter to Shareholders and **paragraph 18** of the Explanatory Statement.

LETTER TO SHAREHOLDERS

FISCHER TECH LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199404532R)

Directors:

Mr. Foo Meng Tong (Non-Executive Chairman)
Mr. Tan Choon King (President and Chief Executive Officer)
Mr. Chan Kok Wai, Peter (Executive Director)
Mr. Ng Boon Yew (Independent Director)
Mr. Moy Kok Leng, James (Independent Director)
Mr. Leong Hong Kiat, Amos (Non-Executive Director)

Registered Office:

3 Ang Mo Kio Street 62
#02-08
LINK@AMK
Singapore 569139

20 September 2017

To: The Shareholders of Fischer Tech Ltd

Dear Sir/Madam

PROPOSED ACQUISITION OF FISCHER TECH LTD BY FT HOLDING II LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT

1. INTRODUCTION

1.1 Announcement of the Acquisition and the Scheme

On 27 July 2017, the Company and the Offeror jointly announced the proposed acquisition (the “**Acquisition**”) of all the issued and paid-up ordinary shares in the capital of the Company (excluding any held as treasury shares) by the Offeror to be effected by the Company by way of a scheme of arrangement under Section 210 of the Companies Act and in accordance with the Code.

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

1.2 Purpose

The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek your approval of the Scheme and to give you notice of the Scheme Meeting.

1.3 Explanatory Statement

An Explanatory Statement setting out the key terms of, the rationale for, and the effect of, the Scheme and the procedures for its implementation is set out on pages 26 to 42 of this Scheme Document. The Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out on pages 233 to 238 of this Scheme Document.

1.4 Information on the Company

The Company was incorporated in Singapore on 28 June 1994 and was listed on the Main Board of the SGX-ST on 4 July 2001.

The Group is engaged in the business of manufacturing precision plastic injection moulds, high precision plastic injection moulding, laser marking and decorative finishing for engineering components for the automotive, computer peripherals, healthcare and consumer product industries, with a presence in Singapore, China, Thailand and Malaysia.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$57,835,594.01 comprising 55,760,986 Shares. The Company has no treasury shares. Since the end of the financial year ended 31 March 2017, no new Shares have been issued by the Company.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, there are no outstanding awards granted pursuant to the Performance Share Plan.

1.5 Information on Platinum and the Offeror

As stated in the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document, Platinum is a global investment firm with US\$13 billion of assets under management and a portfolio of approximately 30 operating companies that serve customers around the world. Platinum specializes in mergers and operations – a trademarked strategy it calls M&A&O® – acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries. Over the past 22 years, Platinum has completed more than 190 acquisitions. In 2016, Platinum's portfolio companies generated more than US\$19 billion of revenue.

The Offeror is a special purpose company incorporated in the Cayman Islands for the purpose of the Acquisition. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.

Further details on the Offeror can be found in the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document.

2. RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

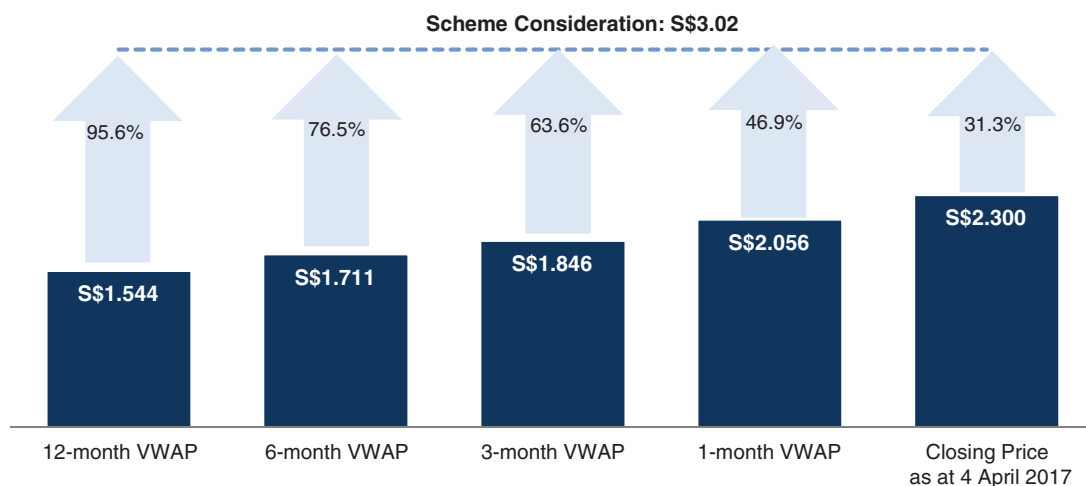
2.1 The Offeror's Rationale

As stated in the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document, the rationale for the Acquisition is as follows:

5.1 Rationale. The Acquisition represents an opportunity for the Offeror to acquire a complementary business in the same plastic precision engineering industry that reinforces Platinum's existing geographic footprint and revenue base across diverse end-markets.

5.2 Opportunity for Shareholders to Realise their Investment at an Attractive Valuation without Incurring Brokerage Fees.

The Scheme Consideration represents a premium of approximately 31.3 per cent. over the Company's closing share price of S\$2.300 as at 4 April 2017, being the last trading day immediately prior to the date on which the Company released a holding announcement in respect of a possible transaction (the "**Holding Announcement Date**"), and a premium of 95.6 per cent., 76.5 per cent., 63.6 per cent., and 46.9 per cent. over the VWAP of the Shares over the 12, 6, 3 and 1-month periods, respectively, up to and including 4 April 2017.



Please refer to **paragraph 6** below for further details on the financial evaluation of the Scheme Consideration."

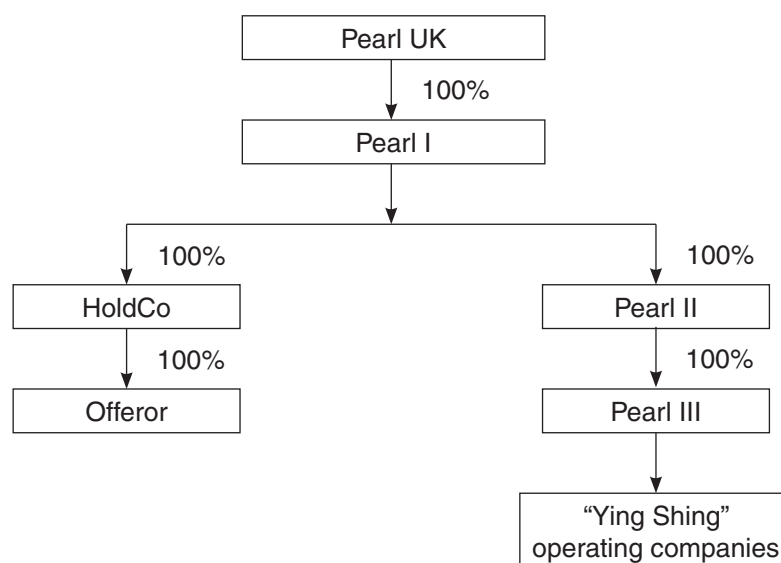
LETTER TO SHAREHOLDERS

2.2 The Offeror's Future Plans

As stated in the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document:

“5.3 Future Plans. Following completion of the Acquisition, it is intended that the Offeror will merge with Pearl Holding III Limited (**“Pearl III”**), following which the merged entity will be an indirect wholly-owned subsidiary of Project Pearl Holding Limited (**“Pearl UK”**) and a member of the Pearl Group (as defined in **paragraph 14.1** below).

As at the Latest Practicable Date, all of the shares in Pearl III are owned by Pearl Holding II Limited (**“Pearl II”**), a wholly-owned subsidiary of Pearl Holding I Limited (**“Pearl I”**), which is in turn wholly-owned by Pearl UK. A shareholding chart setting out the relationship among the Offeror, HoldCo (as defined in **paragraph 9.4** below), Pearl UK, Pearl I, Pearl II and Pearl III is set out below.



Further details of the Pearl Group (as defined below) and the members thereof are set out in **paragraphs 11 to 14** of this Letter.

The directors of the Offeror retain the flexibility at any time to consider any options and commercial and operational opportunities which may present themselves and which they may regard to be in the interests of the Offeror. Save as set out in this **paragraph 5.3**, the Offeror currently has no intention of (a) making material changes to the existing businesses, (b) re-deploying the fixed assets, or (c) discontinuing the employment of the existing employees of the Group, subject to commercial and operational considerations including with respect to any synergies that may be realised through such merger.”

3. THE ACQUISITION AND THE SCHEME

3.1 Terms of the Scheme

The Acquisition will be effected by way of a scheme of arrangement pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

LETTER TO SHAREHOLDERS

Under the Scheme:

- (a) all the Shares held by the Entitled Shareholders will be transferred to the Offeror:
 - (i) fully paid;
 - (ii) free from all Encumbrances; and
 - (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (other than the Dividends), in exchange for the Scheme Consideration. If any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date (other than the Dividends), the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution.

As announced by the Company on 30 May 2017, the Company has declared the following dividends ("**Dividends**"):

- (A) a final cash dividend of S\$0.03 per Share; and
- (B) a special cash dividend of S\$0.03 per Share,

for the financial year ended 31 March 2017, which have been paid on 17 August 2017. For the avoidance of doubt, if and when the Scheme becomes effective, Shareholders will still be entitled to retain the Dividends; and

- (b) in consideration for such transfer, subject to and upon the Scheme becoming effective, each Entitled Shareholder will be entitled to receive S\$3.02 in cash for each Share ("**Scheme Consideration**") held by such Entitled Shareholder as at the Books Closure Date.

The aggregate cash amount that is payable to any Entitled Shareholder in respect of the Shares held by such Entitled Shareholder will be rounded down to the nearest whole cent.

3.2 Switch Option

Pursuant to the terms of the Implementation Agreement, subject to prior consultation with the SIC, in the event that a Competing Offer arises or an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror shall have the right at its sole discretion to elect to proceed by way of a voluntary conditional cash offer made for or on behalf of the Offeror to acquire all the Shares at the Offer Price (as defined below) and on such other terms and conditions to be set out in the offer document (the "**Offer Document**") issued for or on behalf of the Offeror (the "**Offer**") in lieu of proceeding with the Acquisition by way of the Scheme (the "**Switch Option**").

If the Offeror exercises the Switch Option, it will make the Offer on the same or better terms as those which apply to the Scheme, including the same or a higher consideration than the Scheme Consideration for each Share (the "**Offer Price**"), and conditional upon a level of acceptances of the Shares to which the Offer relates set at only more than 50 per cent. of the Shares to which the Offer relates (and not conditional on a higher threshold).

In such event, the Company and the Offeror have agreed that the Implementation Agreement (save for certain surviving provisions such as those relating to remedies, confidentiality, costs and expenses and governing law) shall terminate with effect from the date of announcement by or on behalf of the Offeror of a firm intention to make the Offer and neither Party shall have any claim against the other Party under it, save for any claim arising from any antecedent breach of the provisions of the Implementation Agreement or any breach of any obligation contained under the surviving provisions.

LETTER TO SHAREHOLDERS

3.3 Termination of the Implementation Agreement

(a) The Implementation Agreement provides that the Implementation Agreement may be terminated if:

- (i) **Regulatory Approval:** any court of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable, immediately by either Party serving written notice to the other Party;
- (ii) **Shareholders' Approval:** the resolutions submitted to the Scheme Meeting are not approved (without amendment) by the requisite majority of the Shareholders at the Scheme Meeting, immediately by either Party serving written notice to the other Party; or
- (iii) **Breach:** either:
 - (A) the Company is in material breach of any provision of the Implementation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice), in each such case which has individually or taken together with any other breaches resulted in a Material Adverse Effect (as defined in **paragraph 11 of Appendix 7** to this Scheme Document), or has failed to perform and comply in all material respects with any matters referred to in **paragraph 9(b) of Appendix 7** to this Scheme Document on or prior to the Relevant Date, by the Offeror at any time on or prior to the Relevant Date by notice in writing to the Company; or
 - (B) the Offeror is in material breach of any provision of the Implementation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or has failed to perform and comply in all material respects with any matters referred to in **paragraph 10(b) of Appendix 7** to this Scheme Document on or prior to the Relevant Date, by the Company at any time on or prior to the Relevant Date by notice in writing to the Offeror,

provided that, in each case, either the Offeror or the Company, as the case may be, has given written notice to the other Party of the alleged breach stating its intention to terminate the Implementation Agreement and further that in the case where such a breach is capable of remedy, the Party in breach fails to remedy the same within the earlier of (i) 20 Business Days after the receipt of such notice or (ii) the Relevant Date,

in each case, provided the relevant Party has first consulted the SIC and the SIC gives its approval for, or states that it has no objection to, such termination.

(b) Notwithstanding anything contained in the Implementation Agreement, the Implementation Agreement shall terminate if:

- (i) any of the Scheme Conditions set out in **paragraph 1, 2, 3, 4 or 8 of Appendix 7** to this Scheme Document are not satisfied, or if the Scheme has not become effective, on or before 5.00 p.m. on the Cut-off Date, immediately by either Party serving written notice to the other Party;
- (ii) any of the Scheme Conditions set out in **paragraph 5(a), 6, 7(b)** (in relation to any Prescribed Occurrence set out in **Part II of Appendix 8** to this Scheme Document relating to the Company or any of its subsidiaries), **9, 11 or 12 of Appendix 7** to this Scheme Document are not satisfied or, if applicable, waived, on or before 5.00 p.m. on the Cut-off Date, immediately by the Offeror serving written notice to the Company; or

LETTER TO SHAREHOLDERS

- (iii) any of the Scheme Conditions set out in **paragraph 5(b), 7(a)** (in relation to any Prescribed Occurrence set out in **Part I of Appendix 8** to this Scheme Document relating to the Offeror) **or 10 of Appendix 7** to this Scheme Document are not satisfied or, if applicable, waived, on or before 5.00 p.m. on the Cut-off Date, immediately by the Company serving written notice to the Offeror,

in each case, provided the relevant Party has first consulted the SIC and the SIC gives its approval for, or states that it has no objection to, such termination.

- (c) In the event of termination of the Implementation Agreement, the Implementation Agreement shall cease to have any further force or effect (save for certain surviving provisions such as those relating to remedies, confidentiality, costs and expenses and governing law), but such termination shall not prejudice the rights of either Party which may have accrued or arisen prior to such termination, including any claim in respect of a breach of the Implementation Agreement (other than a claim relating to the Company's obligations to use reasonable endeavours to undertake certain pre-closing matters which are not Scheme Conditions).

3.4 Financial Evaluation of the Scheme Consideration

Please refer to **paragraph 6** of the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document for the implied premium of the Scheme Consideration over the relevant closing prices and VWAP of the Company.

4. IRREVOCABLE UNDERTAKINGS

Each of the Undertaking Parties has given an irrevocable undertaking to the Offeror (the "**Deed of Undertaking**") to, *inter alia*:

- (a) vote, or procure the voting of, all of its respective Shares (the "**Relevant Shares**") in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at the Scheme Meeting;
- (b) vote against and reject any and all resolutions or proposals in relation to a Competing Offer by a third party (subject to, in the case of FMT, TCK and CKW only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein);
- (c) (in the event the Offeror exercises the Switch Option and announces the Offer in compliance with **paragraph 3.2** of this Letter to Shareholders) accept, or procure the acceptance of, the Offer in respect of all the Relevant Shares in accordance with the procedure for acceptance as prescribed in the Offer Document within a prescribed period from the date on which the Offeror despatches the Offer Document to the Shareholders and, notwithstanding the provisions of the Code or any terms of the Offer regarding withdrawal, not withdraw, and procure no withdrawal of, such acceptance(s);
- (d) comply with certain "no-shop" and "no-talk" obligations (subject to, in the case of FMT, TCK and CKW only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein); and
- (e) in the case of Harmony and TCK in his capacity as a majority owner of Harmony, comply with certain non-solicitation and non-compete undertakings in relation to the business and employees of the Group with effect from completion of the Acquisition.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate of 42,083,799 Shares, representing approximately 75.48 per cent. of the total number of Shares.

On and subject to the terms of the Deeds of Undertaking, the Undertaking Parties have irrevocably and unconditionally agreed to not, directly or indirectly, accept any Competing Offer or any other offer for all or any of the Relevant Shares, whether or not such other Competing Offer or other offer is at a higher price than the Scheme Consideration and/or on terms more favourable than the Scheme.

Further details of the Deeds of Undertaking and the Shares held by the Undertaking Shareholders are set out in **paragraph 4** of the Explanatory Statement.

5. NO CASH OUTLAY

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Entitled Shareholders under the Scheme.

6. WAIVER OF RIGHTS TO A GENERAL OFFER

Shareholders should note that, by voting in favour of the Scheme, Shareholders will be regarded as having waived their rights to a general offer by the Platinum Concert Party Group to acquire the Shares under the Code and are agreeing to the Platinum Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer.

7. DELISTING

Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror.

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST had, on 23 August 2017, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- (a) an immediate announcement of the SGX-ST's no objection to the delisting;
- (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting; and
- (c) approval of the Court being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

8. CONFIRMATION OF FINANCIAL RESOURCES

As stated in the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document, Goldman Sachs (Singapore) Pte., in its capacity as the financial adviser to the Offeror in respect of the Acquisition and the Scheme, has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Shares to be acquired by the Offeror pursuant to the Scheme.

LETTER TO SHAREHOLDERS

9. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

9.1 Appointment of IFA

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Scheme. Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether or not to vote in favour of the Scheme. The advice of the IFA is set out in its letter dated 20 September 2017 (the “**IFA Letter**”) as set out in **Appendix 1** to this Scheme Document.

9.2 Factors Taken Into Consideration by the IFA

In arriving at its recommendation, the IFA has taken into account certain considerations (an extract of which is reproduced in italics below). Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix 1** to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

“In arriving at our recommendation on the Scheme, we have assessed the financial terms of the Scheme after taking into consideration the following key considerations which we consider to be pertinent and which we consider may have a significant bearing on our assessment:

- (a) Historical share price performance and trading activity of the Shares;*
- (b) Financial analysis of the Group;*
- (c) Comparison with recently completed privatisation of companies listed on the SGX-ST;*
- (d) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;*
- (e) Dividend track record of the Company; and*
- (f) Other relevant considerations relating to the Scheme.”*

9.3 Advice of the IFA

The IFA has made certain recommendations to the Independent Directors, an extract of which is reproduced in italics below. Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix 1** to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

“Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme (that is, the Scheme Consideration) is fair and reasonable and the Scheme is not prejudicial to the interests of Shareholders. Accordingly, we advise the Directors to recommend Shareholders to vote in favour of the Scheme. The Directors should also highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.”

LETTER TO SHAREHOLDERS

10. INDEPENDENT DIRECTORS' RECOMMENDATION

10.1 Independence

All of the Directors consider themselves to be independent for the purpose of making a recommendation to the Shareholders in respect of the Scheme.

As at the Latest Practicable Date, none of the directors and controlling shareholders of the Offeror are related to the Directors and controlling shareholders of the Company.

10.2 Recommendation

The Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors recommend that Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective and binding for whatever reason. In the event the Scheme becomes effective, it will be binding on all Shareholders. Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective and binding.

Shareholders should read and consider carefully this Scheme Document in its entirety, in particular, the advice of the IFA as set out in **Appendix 1** to this Scheme Document before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting.

10.3 No Regard to Specific Objectives

The Independent Directors advise Shareholders, in deciding whether or not to vote in favour of the Scheme, to carefully consider the advice of the IFA and in particular, the various considerations highlighted by the IFA in the IFA Letter.

In giving the above recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints and 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 advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

11. DIRECTORS' INTENTIONS WITH RESPECT TO THEIR SHARES

All of the Directors who own legally and/or beneficially Shares (amounting to approximately 56.76 per cent. of the total number of Shares), as set out in **paragraph 5.3 of Appendix 3** to this Scheme Document (including FMT, TCK and CKW who have each executed the Deed of Undertaking in relation to the Shares owned legally and/or beneficially by him) have informed the Company that they will **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Scheme Document (other than the information in **Appendices 1 and 2** to this Scheme Document, and any information relating to or opinions expressed by the Offeror, the Platinum Concert Party Group, EY and/or the IFA) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Scheme Document constitutes full and true disclosure of all material facts about the Acquisition, the Scheme and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Scheme Document misleading.

LETTER TO SHAREHOLDERS

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

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

13. GENERAL INFORMATION

Your attention is drawn to the further relevant information in the Explanatory Statement and the Appendices to this Scheme Document.

Yours faithfully
For and on behalf of
the Board of Directors of
FISCHER TECH LTD

Tan Choon King
President and Chief Executive Officer

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

**PROPOSED ACQUISITION OF THE COMPANY BY THE OFFEROR
BY WAY OF THE SCHEME**

1. INTRODUCTION

1.1 Announcement of the Acquisition and the Scheme

On 27 July 2017, the Company and the Offeror jointly announced the proposed Acquisition of all the issued and paid-up ordinary shares in the capital of the Company (excluding any held as treasury shares) to be effected by the Company by way of a scheme of arrangement in accordance with Section 210 of the Companies Act and the Code.

1.2 Effect of the Scheme and the Delisting

Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror.

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST had, on 23 August 2017, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- (a) an immediate announcement of the SGX-ST's no objection to the delisting;
- (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting; and
- (c) approval of the Court being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

1.3 Explanatory Statement

This Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out on pages 233 to 238 of this Scheme Document. Capitalised terms used in this Explanatory Statement which are not defined herein shall bear the same meanings ascribed to them on pages 3 to 10 of this Scheme Document.

2. RATIONALE FOR THE ACQUISITION

The rationale for the Acquisition is set out in **paragraph 5.1** of the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document.

3. THE ACQUISITION AND THE SCHEME

3.1 Terms of the Scheme

The Acquisition will be effected by way of a scheme of arrangement pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

Under the Scheme:

- (a) all the Shares held by the Entitled Shareholders will be transferred to the Offeror:
 - (i) fully paid;

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (other than the Dividends), in exchange for the Scheme Consideration. If any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date (other than the Dividends), the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution.

As announced by the Company on 30 May 2017, the Company has declared the following dividends ("**Dividends**"):

(A) a final cash dividend of S\$0.03 per Share; and

(B) a special cash dividend of S\$0.03 per Share,

for the financial year ended 31 March 2017, which have been paid on 17 August 2017. For the avoidance of doubt, if and when the Scheme becomes effective, Shareholders will still be entitled to retain the Dividends; and

- (b) in consideration for such transfer, subject to and upon the Scheme becoming effective, each Entitled Shareholder will be entitled to receive S\$3.02 in cash for each Share ("**Scheme Consideration**") held by such Entitled Shareholder as at the Books Closure Date.

The aggregate cash amount that is payable to any Entitled Shareholder in respect of the Shares held by such Entitled Shareholder will be rounded down to the nearest whole cent.

3.2 Switch Option

Pursuant to the terms of the Implementation Agreement, subject to prior consultation with the SIC, in the event that a Competing Offer arises or an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror shall have the right at its sole discretion to elect to proceed by way of a voluntary conditional cash offer made for or on behalf of the Offeror to acquire all the Shares at the Offer Price and on such other terms and conditions to be set out in the Offer Document issued for or on behalf of the Offeror pursuant to the Switch Option.

If the Offeror exercises the Switch Option, it will make the Offer on the same or better terms as those which apply to the Scheme, including the same or a higher consideration than the Scheme Consideration for each Share, and conditional upon a level of acceptances of the Shares to which the Offer relates set at only more than 50 per cent. of the Shares to which the Offer relates (and not conditional on a higher threshold).

In such event, the Company and the Offeror have agreed that the Implementation Agreement (save for certain surviving provisions such as those relating to remedies, confidentiality, costs and expenses and governing law) shall terminate with effect from the date of announcement by or on behalf of the Offeror of a firm intention to make the Offer and neither Party shall have any claim against the other Party under it, save for any claim arising from any antecedent breach of the provisions of the Implementation Agreement or any breach of any obligation contained under the surviving provisions.

3.3 No Cash Outlay

Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Entitled Shareholders under the Scheme.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

3.4 Waiver of Rights to a General Offer

Shareholders should note that by voting in favour of the Scheme, Shareholders will be regarded as having waived their rights to a general offer by the Platinum Concert Party Group to acquire the Shares under the Code and are agreeing to the Platinum Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer.

4. IRREVOCABLE UNDERTAKINGS

4.1 Each of the Undertaking Parties has given a Deed of Undertaking to the Offeror to, *inter alia*:

- (a) vote, or procure the voting of, all of its respective Shares (the “**Relevant Shares**”) in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at the Scheme Meeting;
- (b) vote against and reject any and all resolutions or proposals in relation to a Competing Offer by a third party (subject to, in the case of FMT, TCK and CKW only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein);
- (c) (in the event the Offeror exercises the Switch Option and announces the Offer in compliance with **paragraph 3.2** of this Explanatory Statement) accept, or procure the acceptance of, the Offer in respect of all the Relevant Shares in accordance with the procedure for acceptance as prescribed in the Offer Document within a prescribed period from the date on which the Offeror despatches the Offer Document to the Shareholders and, notwithstanding the provisions of the Code or any terms of the Offer regarding withdrawal, not withdraw, and procure no withdrawal of, such acceptance(s);
- (d) comply with certain “no-shop” and “no-talk” obligations (subject to, in the case of FMT, TCK and CKW only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein); and
- (e) in the case of Harmony and TCK in his capacity as a majority owner of Harmony, comply with certain non-solicitation and non-compete undertakings in relation to the business and employees of the Group with effect from completion of the Acquisition.

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate of 42,083,799 Shares, representing approximately 75.48 per cent. of the total number of Shares.

The Deeds of Undertaking relate to the following Shares:

Undertaking Shareholder	Number of Shares Owned	Shares Owned as a Percentage of the Total Number of Shares ¹
Harmony ²	31,257,133	56.06%
Univac	10,466,666	18.77%
CKW	360,000	0.65%
Total	42,083,799	75.48%

¹ Based on 55,760,986 Shares as at the Latest Practicable Date.

² Harmony's Shares are held through a sub-account maintained by a depository agent, being CIMB Securities (Singapore) Pte Ltd.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

4.2 Termination of Deeds of Undertaking

The Deeds of Undertaking will terminate on the earliest of any of the following dates:

- (a) the date falling seven (7) months from the date of the Implementation Agreement;
- (b) if the Implementation Agreement is not terminated, the Effective Date; and
- (c) if the Implementation Agreement lapses or is terminated, the earliest of:
 - (i) the date on which the Implementation Agreement lapses or is terminated for any reason without the Scheme becoming effective (other than as a result of the Switch Option being exercised by the Offeror or a breach by any Undertaking Party of any of their respective obligations under the Deeds of Undertaking), if the Switch Option is not exercised by the Offeror;
 - (ii) the date the Offer lapses or is withdrawn without having become unconditional in all respects, if the Switch Option is exercised by the Offeror;
 - (iii) the date on which the Offer becomes or is declared unconditional in all respects, if the Switch Option is exercised by the Offeror and the Offer does not lapse or is not withdrawn for any reason; and
 - (iv) the date on which the Relevant Shares are tendered in acceptance of the Offer, if the Switch Option is exercised by the Offeror.

5. INFORMATION ON THE OFFEROR AND PLATINUM

Information on Platinum and the Offeror, as well as the Offeror's rationale for the Acquisition and future plans for the Group, are set out in the letter from the Offeror to Shareholders as set out in **Appendix 2** to this Scheme Document.

6. SCHEME MEETING

6.1 Scheme Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is required to be approved by Shareholders at the Scheme Meeting. By an order of the Court, the Scheme Meeting was directed to be convened for the purpose of approving the Scheme.

By proposing that the Acquisition be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing Shareholders with the opportunity to decide at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved at the Scheme Meeting by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting.

When the Scheme, with or without modification, becomes effective, it will be binding on all Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

6.2 Notice

The notice of the Scheme Meeting is set out on pages 239 to 241 of this Scheme Document. You are requested to take note of the date, time and place of the Scheme Meeting.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

7. CONDITIONS OF THE SCHEME

7.1 Scheme Conditions

- (a) **Scheme Conditions.** The Scheme is conditional upon the satisfaction or waiver (as the case may be) of all the Scheme Conditions by the Cut-off Date.

A list of the Scheme Conditions is set out in **Appendix 7** to this Scheme Document.

- (b) **Update on Scheme Conditions.** Set out below is an update on the status of the Scheme Conditions:

- (i) the SIC has by way of a letter dated 14 July 2017 confirmed, *inter alia*, that:

(A) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, 33.2 and Note 1(b) on Rule 19 of the Code, subject to certain conditions; and

(B) it has no objections to the Scheme Conditions.

Please refer to **paragraph 8.1** below for further details;

- (ii) the SGX-ST has on 23 August 2017 advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST. Please refer to **paragraph 9** below for further details;

- (iii) the SGX-ST has also on 24 August 2017 given its clearance for this Scheme Document;

- (iv) a filing has been made to and accepted by the German Federal Cartel Office ("**FCO**") pursuant to the German Act Against Restraints of Competition ("**GAARC**") and FCO has issued a clearance decision on 7 September 2017 confirming that the Acquisition can be closed;

- (v) a filing has been made to and accepted by the Estonian Competition Authority ("**EC Authority**") pursuant to the Estonian Competition Act ("**EC Act**") and the EC Authority has on 14 September 2017 issued a clearance decision confirming that the Acquisition can be closed; and

- (vi) other than as set out in this **paragraph 7.1**, none of the other Scheme Conditions have, as at the Latest Practicable Date, been satisfied or waived.

- (c) **Remaining Scheme Conditions.** Accordingly, as at the Latest Practicable Date, the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of the remaining Scheme Conditions as set out in **Appendix 7** to this Scheme Document by the Cut-off Date.

7.2 Non-fulfilment of Scheme Conditions

The Scheme will only become effective and binding if all the Scheme Conditions (which include the lodgement of a copy of the Court Order to ACRA) have been satisfied or, where applicable, waived. The Shareholders should note that if any of the Scheme Conditions is not satisfied or, where applicable, waived by the Cut-off Date, the Scheme will not become effective and binding.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

7.3 Termination Rights

Shareholders should note that:

(a) **Right to Terminate.** The Implementation Agreement provides that the Implementation Agreement may be terminated if:

- (i) **Regulatory Approval:** any court of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable, immediately by either Party serving written notice to the other Party;
- (ii) **Shareholders' Approval:** the resolutions submitted to the Scheme Meeting are not approved (without amendment) by the requisite majority of the Shareholders at the Scheme Meeting, immediately by either Party serving written notice to the other Party; or
- (iii) **Breach:** either:
 - (A) the Company is in material breach of any provision of the Implementation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice), in each such case which has individually or taken together with any other breaches resulted in a Material Adverse Effect (as defined in **paragraph 11 of Appendix 7** to this Scheme Document), or has failed to perform and comply in all material respects with any matters referred to in **paragraph 9(b) of Appendix 7** to this Scheme Document on or prior to the Relevant Date, by the Offeror at any time on or prior to the Relevant Date by notice in writing to the Company; or
 - (B) the Offeror is in material breach of any provision of the Implementation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or has failed to perform and comply in all material respects with any matters referred to in **paragraph 10(b) of Appendix 7** to this Scheme Document on or prior to the Relevant Date, by the Company at any time on or prior to the Relevant Date by notice in writing to the Offeror,

provided that, in each case, either the Offeror or the Company, as the case may be, has given written notice to the other Party of the alleged breach stating its intention to terminate the Implementation Agreement and further that in the case where such a breach is capable of remedy, the Party in breach fails to remedy the same within the earlier of (i) 20 Business Days after the receipt of such notice or (ii) the Relevant Date,

in each case, provided the relevant Party has first consulted the SIC and the SIC gives its approval for, or states that it has no objection to, such termination.

(b) **Effect of Termination.** In the event of termination of the Implementation Agreement, the Implementation Agreement shall cease to have any further force or effect (save for certain surviving provisions such as those relating to remedies, confidentiality, costs and expenses and governing law), but such termination shall not prejudice the rights of either Party which may have accrued or arisen prior to such termination, including any claim in respect of a breach of the Implementation Agreement (other than a claim relating to the Company's obligations to use reasonable endeavours to undertake certain pre-closing matters which are not Scheme Conditions).

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

(c) **Specific Obligations.** The specific obligations of the Company are as follows:

- (i) **Joint Announcement:** the issue of the Joint Announcement, jointly with the Offeror, on 27 July 2017;
- (ii) **IFA:** the appointment of the IFA on 27 July 2017 to advise the Independent Directors in connection with the Scheme;
- (iii) **Recommendation:** using its best endeavours to procure that all of its Independent Directors will unanimously and without qualification recommend to the Entitled Shareholders to vote in favour of the Scheme at the Scheme Meeting, and will not withdraw, modify or qualify such recommendation, subject to and without prejudice to the Independent Directors' fiduciary duties and compliance with all applicable laws and regulations. For the avoidance of doubt, nothing in this **paragraph 7.3(c)(iii)** shall be construed as requiring the Company to act, or to procure its Independent Directors to act, or to refrain from acting, in any manner which may be in breach of their fiduciary duties or any applicable laws or regulations;
- (iv) **Antitrust Approvals:** subject and without prejudice to the Company's legal or regulatory obligations and each Group Company's directors' fiduciary duties, the Company will promptly co-operate with and provide all necessary information and assistance as the Offeror may reasonably require in connection with the making of the applications for the Antitrust Approvals;
- (v) **Scheme Document:** the preparation of this Scheme Document (other than the letter from the Offeror to the Shareholders which shall form part of the Scheme Document, which the Offeror will prepare, and the advice of the IFA to the Independent Directors in relation to the Scheme, which will form part of the Scheme Document, which the Company will instruct the IFA to prepare) and all other documents which are required to be prepared and circulated by it in connection with the Scheme and to carry into effect the Implementation Agreement, in each case, in consultation with the Offeror and in accordance with all applicable laws and regulations, including the Code, and despatching the same;
- (vi) **SGX-ST Clearance:** as soon as reasonably practicable after the date of the Implementation Agreement, the filing of the draft of this Scheme Document (in such form and substance as may be approved by the Offeror in its reasonable discretion, such approval not to be unreasonably withheld or delayed) with the SGX-ST for clearance and diligently seeking the SGX-ST's clearance promptly in consultation with the Offeror;
- (vii) **Scheme Meeting:** subject to obtaining the approval of the SGX-ST, (i) applying to the Court for an order under Section 210 of the Companies Act convening the Scheme Meeting and for any ancillary orders relating thereto (all such applications and orders, including the originating summons for the Scheme, to be in such form and substance as may be approved by the Offeror in its reasonable discretion, such approval not to be unreasonably withheld or delayed), (ii) diligently pursuing such application so as to obtain the Court's order to convene the Scheme Meeting and other necessary ancillary orders and (iii) convening the Scheme Meeting;
- (viii) **Despatch of Documents:** subject to obtaining the approval of the SGX-ST and the Court's order under Section 210 of the Companies Act convening the Scheme Meeting, despatching, or causing the Share Registrar to depatch, to the Shareholders the Scheme Document and appropriate forms of proxy for use at the Scheme Meeting;

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- (ix) **Consents and Waivers:** preparing all necessary documents to obtain the authorisations, consents, clearances, permissions, waivers and approvals referred to in **paragraph 6 of Appendix 7** to this Scheme Document from the relevant counterparties;
- (x) **Court Order:** subject to the Scheme being approved by the requisite majority of the Shareholders at the Scheme Meeting, applying to the Court for the Court Order and for any ancillary orders relating thereto (all such applications and affidavits in support thereof to be in such form and substance as may be approved by the Offeror in its reasonable discretion, such approval not to be unreasonably withheld or delayed) within such time frames as shall be agreed between the Parties in writing to obtain the sanction and confirmation of the Scheme by the Court;
- (xi) **ACRA Lodgement:** following the grant of the Court Order, delivering the same to ACRA for lodgement pursuant to Section 210(5) of the Companies Act within such time frame as shall be agreed between the Parties;
- (xii) **Directors' Responsibility:** ensuring that the Directors shall take responsibility for all information included in the Scheme Document (other than, *inter alia*, information relating to the Offeror and its concert parties provided by or on behalf of the Offeror to the Company for inclusion in the Scheme Document) as required by all applicable laws and regulations, including the Code, the Listing Rules and the Companies Act;
- (xiii) **Consultation with the Offeror:** subject and without prejudice to the Company's legal or regulatory obligations and each Group Company's directors' fiduciary duties, the Company will, and will use reasonable endeavours to procure that all other Group Companies and their respective Representatives will, consult in good faith with the Offeror with a view to providing the Offeror with access to information which it reasonably requires in relation to or in connection with the Acquisition or the Scheme and to facilitate the timely notification of material matters affecting the respective businesses of each Group Company to the Offeror;
- (xiv) **Provision of Information:** subject and without prejudice to the Company's legal or regulatory obligations and each Group Company's directors' fiduciary duties, from the date of the Implementation Agreement up to (and including) the Relevant Date, the Company will, and will procure that all other Group Companies will, authorise and direct their respective Representatives and auditors to provide reasonable assistance and to co-operate with the Offeror as the Offeror may reasonably request for the completion of the Acquisition and the implementation of the Scheme;
- (xv) **No Action:** subject to any legal or regulatory obligations or fiduciary duties that the Directors may be subject to (including the making of recommendations by the Independent Directors), the Company will not take any action which may be prejudicial to the completion of the Acquisition or the implementation of the Scheme;
- (xvi) **Conduct of Business by Group Companies:** during the period from the date of the Implementation Agreement up to (and including) the Relevant Date, the Company will, and will procure that the other Group Companies will, carry on the Business in the ordinary and usual course of business, save insofar as reasonably agreed in writing by the Offeror;

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- (xvii) **Normal Dealing:** the Company shall not (and shall procure that each Group Company shall not) without prior written consent of the Offeror (such consent not to be unreasonably withheld or delayed):
- (A) modify, amend or waive the terms of any contract or agreement entered into between a Group Company and any Major Customer and in force as at the date of the Implementation Agreement which would have a material adverse effect on the financial position of the Group as a whole;
 - (B) enter into, or exercise an option in relation to, any agreement or incur any commitment involving any capital expenditure in excess of S\$500,000 in aggregate, in each case exclusive of GST, save for the capital expenditure items set out in the Disclosure Letter;
 - (C) acquire or dispose of any assets (other than in the ordinary course of business), shares or other interests in any company, partnership or other venture or enter into any agreement or arrangement (whether conditional or otherwise) in relation to any of the foregoing;
 - (D) except pursuant to the Existing Facility Agreements, incur any additional borrowings or incur any other indebtedness (other than indebtedness in the ordinary and usual course of business, which, for the avoidance of doubt, shall not include any borrowings from banks or other financial institutions);
 - (E) amend, to any material extent, any of the terms on which goods or services are supplied which would have a material adverse effect on the financial position of the Group as a whole;
 - (F) save as required by law or regulation:
 - (I) make any amendment to the terms and conditions of employment (including remuneration, pension entitlements and other benefits) of any Key Management Personnel;
 - (II) provide or agree to provide any gratuitous payment or benefit to any such person or any of his dependants;
 - (III) make any payments of management or consultancy fees to any person (other than (i) payments in the ordinary and usual course of business and (ii) payments of management or consultancy fees to any person under existing management or consultancy agreements entered into by any Group Company as Disclosed in the Disclosure Letter); or
 - (IV) dismiss any Key Management Personnel other than for cause;
 - (G) except pursuant to the Existing Facility Agreements, enter into any guarantee, indemnity or other agreement to secure any obligation of a third party that is not a Group Company or create any Encumbrance over the Business or assets of any Group Company otherwise than in the ordinary and usual course of business of the Group;
 - (H) settle any claim, counterclaim, legal action, suit, litigation, mediation or arbitration proceedings, whether as claimant or defendant (collectively, the “**Claims**”), if such settlement will result in a cash outflow for the relevant Group Company of S\$500,000 or more (inclusive of litigation costs), whether individually or in aggregate with all other Claims in relation to the Group;

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- (I) enter into or amend the terms of any transaction with any shareholder, chief executive officer and/or director of any Group Company and/or any of their respective associates (as that term is defined under the Listing Rules) otherwise than in the usual and ordinary course of the business of the Group;
- (J) sell, transfer or otherwise dispose of any treasury shares of the Company to any person (whether under the Performance Share Plan or otherwise); and/or
- (K) save as where required by applicable law or regulation, make any change to its accounting practices or policies or amend its constitution, bye-laws and/or memorandum and articles of association; and

(xviii) **Deal Protection:** during the No-Shop Period, the Company shall:

- (A) not, and shall procure that its Representatives, each other Group Company and its respective Representatives shall not, except with prior written consent of the Offeror, directly or indirectly, solicit, encourage, initiate, induce or entertain approaches or participate in or enter into discussions regarding any Competing Offer or any other transaction (including allowing any third party to perform due diligence investigations on any Group Company) which would or is reasonably likely to preclude, interfere with or prejudice the Acquisition and/or the Scheme;
- (B) notify the Offeror of the details of any approach or solicitations by any third party made in writing either to the Company or any other Group Company with a view to the making of any such offer, merger or sale upon becoming aware of the relevant matter; and
- (C) deal exclusively with the Offeror to complete the Acquisition and/or the Scheme,

provided that nothing in the foregoing prevents the Company from providing such information to any *bona fide* third party in compliance with Rule 9.2 of the Code, or prevents the Company from making or continuing to make, by and on behalf of any Group Company, normal presentations to brokers, portfolio investors and analysts in the ordinary and usual course in relation to its business generally, or prevents the provision of information by or on behalf of the Company to the SGX-ST.

For the avoidance of doubt, nothing in this **paragraph 7.3(c)(xviii)** shall prohibit or restrict the Company from receiving any unsolicited or uninitiated expression of interest, offer or proposal of a kind referred to in this **paragraph 7.3(c)(xviii)**. In the event any Group Company or any of its directors receive any notice of a Competing Offer, the Company shall be entitled to:

- (I) announce such a Competing Offer insofar as such announcement is required under the Listing Rules or the Code;
- (II) enter into discussions or negotiations or otherwise entertain such expressions of interest, offer or proposal;
- (III) make any recommendation or refrain from making any recommendation to the Shareholders as the directors of the Company may deem fit, pursuant to their fiduciary duties, in respect of such Competing Offer; and
- (IV) generally perform all such acts as may be necessary for the directors of the Company to comply with and discharge their fiduciary duties owed to the Company and the Shareholders, and statutory, regulatory and/or legal obligations that they may be subject to under all applicable laws and regulations (including but not limited to their obligations under the Code),

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

provided that, in each instance, the Board has determined in good faith and acting reasonably (after having obtained written advice from its legal advisers) that a failure to do any of the foregoing would constitute a breach of the Listing Rules, the requirements of the SGX-ST, the Code or any applicable laws or regulations (including the fiduciary obligations of the directors of the Company).

8. SCHEME CONDITIONS AND REGULATORY APPROVALS

8.1 SIC

(a) Code

The SIC has by way of a letter dated 14 July 2017 confirmed, *inter alia*, that the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, 33.2 and Note 1(b) on Rule 19 of the Code, subject to, *inter alia*, the following conditions:

- (i) the common substantial shareholders of the Offeror, HoldCo and their concert parties and the Company, if any, abstain from voting on the Scheme;
- (ii) Platinum, the Offeror, HoldCo and/or their concert parties abstain from voting on the Scheme;
- (iii) the directors of the Company who are also directors of the Offeror and its concert parties, if any, abstain from making a recommendation on the Scheme to the Shareholders;
- (iv) the Company appoints an independent financial adviser to advise the Shareholders on the Scheme;
- (v) the Scheme Document containing advice to the effect that by voting for the Scheme, the Shareholders are agreeing to the Offeror and its concert parties acquiring or consolidating effective control on the Company without having to make a general offer for the Company;
- (vi) the Scheme Document discloses the names of the Offeror and its concert parties, their current voting rights in the Company as of the latest practicable date in relation to the Scheme Document and their voting rights in the Company after the Scheme.

As at the Latest Practicable Date:

- (A) there are no common substantial shareholders between the Offeror, HoldCo and their concert parties, and the Company;
- (B) none of the Directors are directors of the Offeror and its concert parties; and
- (C) the Company has appointed the IFA to advise the Shareholders on the Scheme.

(b) Scheme Conditions

The SIC has by way of its letter dated 14 July 2017 confirmed, *inter alia*, that it has no objection to the Scheme Conditions.

8.2 Court

The Scheme is subject to the sanction of the Court as stated in **paragraph 2 of Appendix 7** to this Scheme Document.

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

8.3 SGX-ST

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding as set out in **paragraph 9** below.

9. EFFECT OF THE SCHEME AND DELISTING

Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror.

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST had, on 23 August 2017, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- (a) an immediate announcement of the SGX-ST's no objection to the delisting;
- (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting; and
- (c) the approval of the Court being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED FROM THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

10. IMPLEMENTATION OF THE SCHEME

10.1 Application to Court for Sanction

Upon the Scheme being approved by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting, an application will be made to the Court by the Company for the sanction of the Scheme.

10.2 Procedure for Implementation

If the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Scheme Conditions) take the necessary steps to render the Scheme effective and binding, and the following will be implemented:

- (a) the Shares held by the Entitled Shareholders will be transferred to the Offeror for the Scheme Consideration to be paid by the Offeror to the Entitled Shareholders for each Share transferred as follows:
 - (i) in the case of the Entitled Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Shareholders an instrument or instruction of transfer of all the Shares held by such Entitled Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Shareholder; and

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- (ii) in the case of the Entitled Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Shares standing to the credit of the Securities Account of such Entitled Shareholders and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;
- (b) from the Effective Date, all existing share certificates relating to the Shares held by the Entitled Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby;
- (c) the Entitled Shareholders (not being Depositors) are required to forward their existing share certificates relating to their Shares to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and
- (d) not later than seven (7) Business Days after the Effective Date, and against the transfer of the Shares set out in **paragraph 10.2(a)** above, make payment of the aggregate Scheme Consideration payable on the transfer of the Shares pursuant to the Scheme to:
 - (i) **Entitled Shareholders whose Shares are not deposited with CDP**

each Entitled Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to such Entitled Shareholder made out in favour of such Entitled Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Shareholder, or in the case of joint Entitled Shareholders, to both joint Entitled Shareholders made out in favour of such joint Entitled Shareholders by ordinary post to the address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Shareholders; and
 - (ii) **Entitled Shareholders whose Shares are deposited with CDP**

each Entitled Shareholder (being a Depositor) by making payment of the Scheme Consideration payable to such Entitled Shareholder to CDP. CDP shall:

 - (A) in the case of an Entitled Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Scheme Consideration payable to such Entitled Shareholder to the designated bank account of such Entitled Shareholder; and
 - (B) in the case of an Entitled Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, send to such Entitled Shareholder, by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date and at the sole risk of such Entitled Shareholder, or in the case of joint Entitled Shareholders, to the first named Entitled Shareholder by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Shareholders, a cheque for the payment of such Scheme Consideration made out in favour of such Entitled Shareholder.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

Assuming that the Scheme becomes effective and binding on 2 November 2017, the crediting by CDP of the Scheme Consideration into the designated bank accounts of the Entitled Shareholders (in the case of the Entitled Shareholders being Depositors and who have registered with CDP for its direct crediting service) or, as the case may be, the posting of cheques for the Scheme Consideration in the manner set out in this **paragraph 10.2**, is expected to take place on or before 13 November 2017.

The despatch of payment by the Offeror to each Entitled Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

10.3 Retention and Release of Proceeds

On and after the day being six (6) calendar months after the posting of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company. The Company or its successor entity shall hold such moneys until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to **Clause 5** of the Scheme as set out in **Appendix 11** to this Scheme Document to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in **Clause 5** of the Scheme as set out in **Appendix 11** to this Scheme Document for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to **Clause 4** of the Scheme as set out in **Appendix 11** to this Scheme Document.

On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under the Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in **Clause 7(a)** of the Scheme as set out in **Appendix 11** to this Scheme Document including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

11. CLOSURE OF BOOKS

11.1 Notice of Books Closure

Subject to the approval by Shareholders of the Scheme at the Scheme Meeting and the sanction of the Scheme by the Court, notice of the Books Closure Date will be given in due course for the purposes of determining the entitlements of the Entitled Shareholders to the Scheme Consideration under the Scheme.

The Books Closure Date is tentatively scheduled to be 1 November 2017 at 5.00 p.m..

11.2 Books Closure

No transfer of the Shares where the certificates relating thereto are not deposited with CDP may be effected after the Books Closure Date.

11.3 Trading in Shares on the SGX-ST

The Scheme is tentatively scheduled to become effective and binding on or about 2 November 2017 and accordingly (assuming the Scheme becomes effective and binding on 2 November 2017), the Shares are expected to be delisted and withdrawn from the Official List of the SGX-ST after payment of the Scheme Consideration. It is therefore expected that, subject to the approval of the SGX-ST, the Shares will cease to be traded on the SGX-ST on or about 27 October 2017 at 5.00 p.m., being three (3) Market Days before the expected Books Closure Date.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

Shareholders (not being Depositors) who wish to trade in their Shares on the SGX-ST are required to deposit with CDP their certificates relating to their Shares, together with the duly executed instruments of transfer in favour of CDP, 15 Market Days prior to the tentative last day for trading of the Shares.

12. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective and binding, the following settlement and registration procedures will apply:

12.1 Entitled Shareholders whose Shares are not deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of the Entitled Shareholders (not being Depositors) and their holdings of Shares appearing in the Register of Members as at 5.00 p.m. on the Books Closure Date.

Entitled Shareholders (not being Depositors) who have not already done so are requested to take the necessary action to ensure that the Shares owned by them are registered in their names with the Share Registrar by 5.00 p.m. on the Books Closure Date.

From the Effective Date, each existing share certificate representing a former holding of Shares by Entitled Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby.

Within seven (7) Business Days of the Effective Date, the Offeror shall make payment of the Scheme Consideration to each Entitled Shareholder (not being a Depositor) based on his holding of the Shares as at 5.00 p.m. on the Books Closure Date.

12.2 Entitled Shareholders whose Shares are deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of Entitled Shareholders (being Depositors) and the number of Shares standing to the credit of their Securities Account as at 5.00 p.m. on the Books Closure Date.

Entitled Shareholders (being Depositors) who have not already done so are requested to take the necessary action to ensure that the Shares owned by them are credited to their Securities Account by 5.00 p.m. on the Books Closure Date.

Following the Effective Date, CDP will debit all the Shares standing to the credit of each relevant Securities Account of each Entitled Shareholder (being a Depositor) and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

Within seven (7) Business Days of the Effective Date, CDP shall make payment of the Scheme Consideration to each Entitled Shareholder (being a Depositor) based on the number of Shares standing to the credit of his or its Securities Account as at 5:00 p.m. on the Books Closure Date.

13. DIRECTORS' INTERESTS

The interests of the Directors in the Shares as at the Latest Practicable Date are set out in **paragraph 5.3 of Appendix 3** to this Scheme Document.

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

14. OVERSEAS SHAREHOLDERS

14.1 Overseas Shareholders

The applicability of the Scheme to Shareholders whose addresses are outside Singapore, as shown in the Register of Members or, as the case may be, in the Depository Register (each, an “**Overseas Shareholder**”), may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable requirements in their own jurisdictions.

14.2 Copies of Scheme Document

The Constitution provides that Shareholders who have not supplied to the Company or the CDP (as the case may be) an address within Singapore for the service of notices shall not be entitled to receive notices from the Company. Accordingly, this Scheme Document has not been and will not be sent to any Overseas Shareholder.

Shareholders (including Overseas Shareholders) may obtain copies of this Scheme Document and any related documents during normal business hours and up to the date of the Scheme Meeting from the Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623. Alternatively, an Overseas Shareholder may write in to the Share Registrar at the same address to request for this Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three (3) Market Days prior to the date of the Scheme Meeting.

For the avoidance of doubt, the Scheme is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom this Scheme Document have not been, or will not be, sent, provided that this Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

It is the responsibility of any Overseas Shareholder who wishes to request for this Scheme Document and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting for this Scheme Document and any related documents or participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company 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. If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

14.3 Notice

The Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including any Overseas Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Shareholders (including Overseas Shareholders) of any matter relating to the Scheme by announcement via SGXNET.

Notwithstanding that such Overseas Shareholder may not receive the notice of the Scheme Meeting, they shall be bound by the Scheme if the Scheme becomes effective.

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

14.4 Foreign Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to participate in the Scheme to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company 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. If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the Scheme Meeting are requested to complete the enclosed Proxy Form in accordance with the instructions printed thereon and lodge them with the Share Registrar at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, not less than 48 hours before the time fixed for the Scheme Meeting.

The completion and lodgement of Proxy Forms will not prevent Shareholders from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

16. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors who wish to attend the Scheme Meeting are advised to consult their respective CPF Agent Banks and SRS Agent Banks for further information and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

17. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The IFA Letter setting out the advice of the IFA to the Directors is set out on pages 43 to 70 in **Appendix 1** to this Scheme Document.

18. INDEPENDENT DIRECTORS' RECOMMENDATION

The recommendation of the Independent Directors in relation to the Scheme is set out in **paragraph 10.2** of the Letter to Shareholders.

19. GENERAL INFORMATION

Your attention is drawn to the further relevant information, including the interests in the Shares of the Directors, which is set out in the Appendices to this Scheme Document. These Appendices form part of this Scheme Document. This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of this Scheme Document, including the Scheme as set out on pages 233 to 238 of this Scheme Document.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

PROVENANCE CAPITAL PTE. LTD.

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

20 September 2017

To: The Directors of Fischer Tech Ltd
(who are all deemed independent in respect of the Scheme)

Mr Foo Meng Tong (Non-Executive Chairman)
Mr Tan Choon King (President and Chief Executive Officer)
Mr Chan Kok Wai, Peter (Executive Director)
Mr Ng Boon Yew (Independent Director)
Mr Moy Kok Leng, James (Independent Director)
Mr Leong Hong Kiat, Amos (Non-Executive Director)

Dear Sirs,

PROPOSED ACQUISITION BY FT HOLDING II LIMITED OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF FISCHER TECH LTD BY WAY OF A SCHEME OF ARRANGEMENT

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the scheme document of the Company dated 20 September 2017 (“Scheme Document”).

1. INTRODUCTION

On 27 July 2017 (“**Joint Announcement Date**”), Fischer Tech Ltd (“**Company**” or “**Fischer Tech**”, and together with its subsidiaries, “**Group**”) and FT Holding II Limited (“**Offeror**”) had jointly announced (“**Joint Announcement**”) the proposed acquisition (“**Acquisition**”) of all the issued and paid-up ordinary shares in the capital of the Company (excluding any held as treasury Shares) (“**Shares**”). The Acquisition will be effected by way of a scheme of arrangement (“**Scheme**”) under Section 210 of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) and in accordance with the Singapore Code on Take-overs and Mergers (“**Code**”).

The Offeror is a special purpose company incorporated under the laws of the Cayman Islands, and is an indirect wholly-owned subsidiary of investment funds and entities affiliated with and advised by Platinum Equity Advisors, LLC (“**Platinum**”).

In connection with the Acquisition, the Offeror and the Company had, on the Joint Announcement Date, entered into an implementation agreement (“**Implementation Agreement**”) setting out the terms and conditions on which the Offeror and the Company will implement the Scheme. Pursuant to the Scheme, shareholders of the Company (“**Shareholders**”) shall be entitled to receive S\$3.02 in cash (“**Scheme Consideration**”) for each Share held by such Shareholder as at the books closure date to be announced (“**Books Closure Date**”).

The Implementation Agreement also provides for the Switch Option where in the event of a Competing Offer, subject to prior consultation with the Securities Industry Council (“**SIC**”), the Offeror shall have the right at its sole discretion to elect to proceed with the Acquisition by way of a voluntary conditional cash offer for the Shares in lieu of proceeding by way of the Scheme.

The Scheme is subject to various conditions precedent, including the approval of the Scheme by Shareholders at the Scheme Meeting and the sanction of the Scheme by the High Court of

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

the Republic of Singapore (“**Court**”). In this regard, certain Shareholders, namely Harmony (S) Holdings Pte. Ltd. (“**Harmony**”), Univac Precision Engineering Pte Ltd (“**Univac**”) and Mr Chan Kok Wai, Peter (“**Undertaking Shareholders**”) who hold, in aggregate, 42,083,799 Shares representing 75.48% of the total number of issued Shares, have each given an irrevocable undertaking (“**Irrevocable Undertakings**”) to, *inter alia*, vote in favour of the Scheme.

The Company had sought certain rulings from the SIC in relation to the Scheme. On 14 July 2017, the SIC confirmed, *inter alia*, that the Scheme is exempted from certain rules of the Code on conditions that, *inter alia*, the Company appoints an independent financial adviser (“**IFA**”) to advise the Shareholders on the Scheme.

With regard to the Undertaking Shareholders and their relationships with the Directors of the Company, we note that Mr Tan Choon King, who is the President and Chief Executive Officer of the Company, and Mr Foo Meng Tong, who is the Non-Executive Chairman of the Company, hold 95% and 5% shareholding interests in Harmony respectively. Harmony owns 56.06% shareholding interest in the Company. Mr Tan Choon King and Mr Foo Meng Tong are also undertaking parties in the Irrevocable Undertaking provided by Harmony. Mr Chan Kok Wai, Peter, who is the Executive Director of the Company, owns 0.65% shareholding interest in the Company. Under the SIC ruling, the SIC has also confirmed that, the Undertaking Shareholders will not be regarded as acting in concert with the Offeror by virtue only of them providing the Irrevocable Undertakings. Hence, all the Directors of the Company are deemed independent of the Scheme.

The Company has appointed Provenance Capital Pte. Ltd. (“**Provenance Capital**”) as the IFA to advise the entire Board of Directors of the Company for the purpose of making their recommendation to the Shareholders in respect of the Scheme.

This letter (“**Letter**”) is therefore addressed to the Directors and sets out, *inter alia*, our views and evaluation of the Scheme and our recommendations. This Letter forms part of the Scheme Document which provides, *inter alia*, the details of the Scheme and the recommendations of the Directors in respect of the Scheme.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Directors in respect of their recommendation to the Shareholders in relation to the Scheme.

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

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and Group. Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 14 September 2017, being the Latest Practicable Date referred to in the Scheme Document. This Letter therefore does not reflect any projections on the future financial performance of the Group.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Scheme in comparison with any alternative

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

transaction that the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors, the management of the Company (“**Management**”) and their professional advisers and have relied to a considerable extent on the information set out in the Scheme Document, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We nevertheless have made such reasonable enquiries and judgment as were deemed necessary and have found no reason to doubt the accuracy of the information and representations.

The Directors have confirmed, after making all reasonable enquiries that to the best of their knowledge and belief, all material information in connection with the Scheme and related matters, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material 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 Group stated in the Scheme Document to be inaccurate, incomplete or misleading in any material respect. The Directors have collectively and individually accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company or the Group (including without limitation, real properties) and no valuation was commissioned by the Company for the purpose of the Scheme. As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities, and profitability of the Company and/or the Group.

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

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

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

Whilst a copy of this Letter may be reproduced in the Scheme Document, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the Scheme Meeting

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

and for the purpose of the Scheme, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Directors for their benefit and deliberation of the Scheme. The recommendation made to the Shareholders in relation to the Scheme shall remain the responsibility of the Directors.

Our recommendation in relation to the Scheme should be considered in the context of the entirety of this Letter and the Scheme Document.

3. INFORMATION ON THE OFFEROR AND PLATINUM

The Offeror is a special purpose company incorporated in the Cayman Islands for the purpose of the Acquisition. The Offeror is an indirect wholly-owned subsidiary of investment funds and entities affiliated with and advised by Platinum. As at the Latest Practicable Date, the Offeror has an authorised share capital of US\$50,000 consisting of 5,000,000 ordinary shares of a par value of US\$0.01 each and an issued share capital of US\$0.01 comprising one ordinary share with a par value of US\$0.01. The board of directors of the Offeror comprises Mr Soo Jin Goh, Ms Eva Monica Kalawski and Ms Mary Ann Sigler, who are employees of Platinum.

Founded in 1995 by Mr Tom Gores, Platinum is a global investment firm, with US\$13 billion of assets under management and a portfolio of approximately 30 operating companies that serve customers around the world. Platinum specialises in mergers and operations – a trademarked strategy it calls M&A&O® - acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries.

As at the Latest Practicable Date, the Offeror and persons acting in concert with them do not own any Shares in the Company. Upon the Scheme becoming effective and binding, the Company will be wholly-owned by the Offeror.

Detailed information on the Offeror and Platinum is set out in paragraphs 8 and 9 of Appendix 2 to the Scheme Document.

4. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 28 June 1994 and was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 4 July 2001.

The Group is engaged in the business of manufacture of precision plastic injection moulds, high precision plastic injection moulding, laser marking and decorative finishing for engineering components for the automotive, computer peripherals, healthcare and consumer product industries, with a presence in Singapore, China, Thailand and Malaysia.

Takeover offer of the Company announced in August 2014

By way of background, Harmony, the present controlling Shareholder, had in August 2014 launched a general takeover offer for the remaining shares of the Company which were not already owned by it as a result of it having acquired shares aggregating 51.26% of the then total number of issued shares of the Company, totalling 273,204,948 shares. The takeover offer price was at S\$0.16 in cash for each offer share. The implied market capitalisation of the Company based on the above offer price then was S\$43.71 million.

We note that the Company had carried out a share consolidation exercise in September 2015 on the basis of five shares into one consolidation share ("**Share Consolidation**"). As a result, the Company had 54,640,986 Shares immediately following the Share Consolidation exercise.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

During the financial year ended 31 March 2017 (“FY2017”), the Company had issued 1,120,000 Shares pursuant to the vesting of the awards under the Performance Share Plan, which brings the total number of outstanding Shares to 55,760,986 Shares as at 31 March 2017. As at the Latest Practicable Date, there were no issuances of new Shares between 31 March 2017 and up to the Latest Practicable Date.

Taking into consideration the Share Consolidation exercise, the offer price of S\$0.16 for each offer share with respect to the takeover offer by Harmony in 2014 would be equivalent to S\$0.80 each. However, the Share Consolidation exercise would not change the implied market capitalisation of the Company based on the above adjusted offer price of S\$0.80 as the number of shares would similarly be consolidated by the same factor of 5:1.

With respect to the takeover offer by Harmony, we were also appointed as the IFA to opine on the financial terms of the takeover offer. Our view then was that the financial terms of the takeover offer were not fair and not reasonable, and we had accordingly advised the independent directors to recommend Shareholders to, *inter alia*, reject the takeover offer. Our views on the takeover offer were set out in our IFA letter dated 24 September 2014 which was attached as Appendix I to the circular to shareholders dated 24 September 2014.

Following the close of the takeover offer in October 2014, Harmony and parties acting in concert with it had increased its shareholdings in the Company from 51.26% before the launch of the Offer to 57.06% after the close of the takeover offer. Univac, who then had a 19.16% shareholding interest in the Company, had rejected the takeover offer by Harmony.

Expression of interest and the Scheme

On 5 April 2017 before trading hours commenced, the Company had announced that it had received a non-binding expression of interest (“EOI”) from a third party relating to a possible transaction involving the Shares and that certain Shareholders had agreed to enter into exclusive discussions with the third party (“**Holding Announcement**”). We note that the last transacted Share price on 4 April 2017 was S\$2.30.

This was followed by three more update announcements by the Company on 4 May 2017, 2 June 2017 and 4 July 2017. On 4 May 2017 after trading hours, the Company had announced that the exclusive discussions with the third party had discontinued and the Company received a non-binding EOI from another third party and agreed to enter into exclusive discussions with such third party. On 2 June 2017 and 4 July 2017, the Company announced that the exclusive discussions with the third party were still ongoing. We note that the last transacted Share price on 4 May 2017 was S\$2.50.

Eventually, the Company made the Joint Announcement on the Acquisition after trading hours on 27 July 2017, being the Joint Announcement Date. The last transacted Share price on 27 July 2017 was S\$2.70.

Pursuant to the Scheme, besides Harmony who will be selling its Shares to the Offeror, Univac and Mr Chan Kok Wai, Peter will also be selling their Shares to the Offeror pursuant to their respective Irrevocable Undertakings. Each of Harmony, Univac and Mr Chan Kok Wai, Peter has a shareholding interest of 56.06%, 18.77% and 0.65% in the Company respectively. As mentioned above, during the takeover offer in 2014, Univac had rejected the takeover offer by Harmony.

As at the Latest Practicable Date, the Company has 55,760,986 issued Shares. The Company has no treasury shares or outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or securities which carry voting rights in the Company. Pursuant to the Scheme, the offer is therefore made for the 55,760,986 issued Shares.

Based on the Scheme Consideration of S\$3.02 per Share and the 55,760,986 issued Shares, the implied market capitalisation of the Company is approximately S\$168.40 million. This represents 3.85 times the then implied market capitalisation of the Company during the

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

takeover offer in 2014 or an increase of 2.85 times above the then implied market capitalisation of the Company during the takeover offer in 2014.

Additional information on the Company is set out in Appendix 3 to the Scheme Document.

5. THE SCHEME

The detailed terms of the Scheme are set out in paragraphs 3 to 7 in the “Letter to Shareholders” of the Scheme Document, paragraphs 3 and 4 of the Explanatory Statement and Appendix 7 to the Scheme Document. The key terms of the Scheme and the related matters are set out below for your reference.

5.1 Salient Terms of the Scheme

Under the Scheme, all the Shares held by the Entitled Shareholders will be transferred to the Offeror:

- (i) fully paid in cash at **S\$3.02** per Share, being the Scheme Consideration;
- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attaching thereto as at the date of the Joint Announcement Date, and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (other than the Dividends (as defined below)). If any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date (other than the Dividends), the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution.

As announced by the Company on 30 May 2017, the Company had declared the following dividends (“**Dividends**”):

- (a) a final cash dividend of S\$0.03 per Share; and
- (b) a special cash dividend of S\$0.03 per Share,

for FY2017, which was anticipated to be paid on 17 August 2017. For the avoidance of doubt, if and when the Scheme becomes effective, Shareholders will still be entitled to retain the Dividends. At the annual general meeting (“**AGM**”) of the Company on 28 July 2017, Shareholders had approved the above Dividends.

We note that the Dividends, totalling approximately S\$3.35 million, have been paid out to Shareholders on 17 August 2017.

Subject to and upon the Scheme becoming effective, the Scheme Consideration payable to each of the Entitled Shareholders will be determined based on the Shares held by such Entitled Shareholders as of the Books Closure Date.

Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror and, subject to the conditions of the SGX-ST’s approval for the delisting of the Shares as set out in Section 5.6 of this Letter, the Shares will be delisted from the Official List of the SGX-ST.

5.2 Switch Option

Pursuant to the terms of the Implementation Agreement, subject to prior consultation with the SIC, in the event of a Competing Offer or in the event that an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror shall

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

have the right at its sole discretion to elect to proceed by way of a voluntary conditional cash offer made for and on behalf of the Offeror to acquire all the Shares on the terms and conditions to be set out in the offer document issued for or on behalf of the Offeror (“Offer”) in lieu of proceeding with the Acquisition by way of the Scheme (“Switch Option”).

If the Offeror exercises the Switch Option, it will make the Offer on the same or better terms as those which apply to the Scheme, including the same or higher consideration than the Scheme Consideration for each Share, and conditional upon a level of acceptances set at only more than 50% of the Shares to which the Offer relates and not conditional on a higher level of acceptances.

In such an event, the Company and the Offeror have agreed that the Implementation Agreement shall terminate with effect from the date of announcement of the Offer, save for certain surviving provisions.

5.3 Conditions

The Scheme is subject to a number of conditions precedent which are set out in Appendix 7 to the Scheme Document including, *inter alia*, the following:

- (a) the approval of the Scheme by a majority in number of Shareholders representing not less than three-fourths in value of the Shares held by Shareholders, present and voting either in person or by proxy at the Scheme Meeting; and
- (b) sanction of the Scheme by the Court.

Upon the Scheme becoming effective, it will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

Shareholders should note that by voting for the Scheme, they are agreeing to the Offeror and parties acting in concert with it acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

5.4 Irrevocable Undertakings

Pursuant to the respective deeds of irrevocable undertaking, the Undertaking Shareholders who hold, in aggregate, 42,083,799 Shares representing 75.48% of the total number of issued Shares, have given their Irrevocable Undertakings to the Offeror to, *inter alia*:

- (i) vote, or procure the voting of, all of their respective Shares (“Relevant Shares”) in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at the Scheme Meeting;
- (ii) vote against and reject any and all resolutions or proposals in relation to a Competing Offer by a third party, whether or not such other Competing Offer or other offer is at a higher price than the Scheme Consideration and/or on terms more favourable than the Scheme (subject to, in the case of Mr Foo Meng Tong, Mr Tan Choon King and Mr Chan Kok Wai, Peter only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein);
- (iii) comply with certain no-shop and no-talk obligations (subject to, in the case of Mr Foo Meng Tong, Mr Tan Choon King and Mr Chan Kok Wai, Peter only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein);

- (iv) in the event that the Offeror exercises its Switch Option, to tender their Shares in acceptance of the Offer; and
- (v) in the case of Harmony and Mr Tan Choon King in his capacity as a majority owner of Harmony, comply with certain non-solicitation and non-compete undertakings in relation to the business and employees of the Group with effect from completion of the Acquisition.

Mr Tan Choon King and Mr Foo Meng Tong who hold 95% and 5% shareholding interests in Harmony respectively, are also undertaking parties in the deed of irrevocable undertaking provided by Harmony.

The shareholdings of the Undertaking Shareholders as at the Latest Practicable Date are as follows:

Name of Undertaking Shareholder	Number of Shares owned	Number of Shares as a percentage of the total number of Shares ⁽¹⁾ (%)
Harmony ⁽²⁾	31,257,133	56.06
Univac	10,466,666	18.77
Mr Chan Kok Wai, Peter	360,000	0.65
Total	42,083,799	75.48

Notes:

- (1) Based on 55,760,986 issued Shares as at the Latest Practicable Date; and
- (2) Harmony's Shares are held through a sub-account maintained by a depository agent, being CIMB Securities (Singapore) Pte Ltd.

5.5 SIC Confirmation

Application has been made to the SIC to seek various confirmations and the SIC had, on 14 July 2017, confirmed, *inter alia*, the following:

- (i) the Scheme is exempted from certain rules of the Code subject to conditions; and
- (ii) the Undertaking Shareholders will not be regarded as acting in concert with the Offeror by virtue only of providing the Irrevocable Undertakings.

In view of the foregoing, each of the Undertaking Shareholders will not be precluded from attending and voting at the Scheme Meeting by virtue of their Irrevocable Undertakings.

5.6 Delisting from the SGX-ST

Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror. An application has been made to seek the approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding. The SGX-ST had on 23 August 2017 advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) an immediate announcement of the SGX-ST's no objection to the delisting;
- (b) approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting; and

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

(c) approval of the Court being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

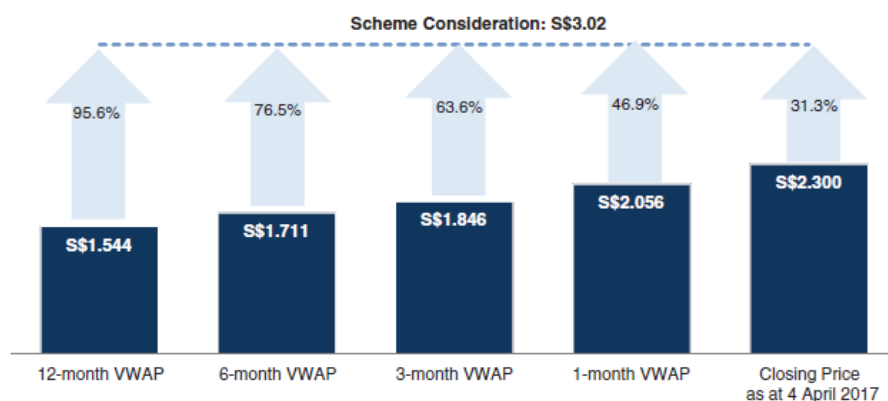
6. OFFEROR'S RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

The full text of the Offeror's rationale for the Acquisition and future plans for the Company are set out in paragraph 5 of Appendix 2 to the Scheme Document and are extracted below for your reference:

“5.1 Rationale. *The Acquisition represents an opportunity for the Offeror to acquire a complementary business in the same plastic precision engineering industry that reinforces Platinum's existing geographic footprint and revenue base across diverse end-markets.*

5.2 Opportunity for Shareholders to Realise their Investment at an Attractive Valuation without Incurring Brokerage Fees.

The Scheme Consideration represents a premium of approximately 31.3 per cent. over the Company's closing share price of S\$2.300 as at 4 April 2017, being the last trading day immediately prior to the date on which the Company released a holding announcement in respect of a possible transaction (the “Holding Announcement Date”), and a premium of 95.6 per cent., 76.5 per cent., 63.6 per cent., and 46.9 per cent. over the VWAP of the Shares over the 12, 6, 3 and 1-month periods, respectively, up to and including 4 April 2017.

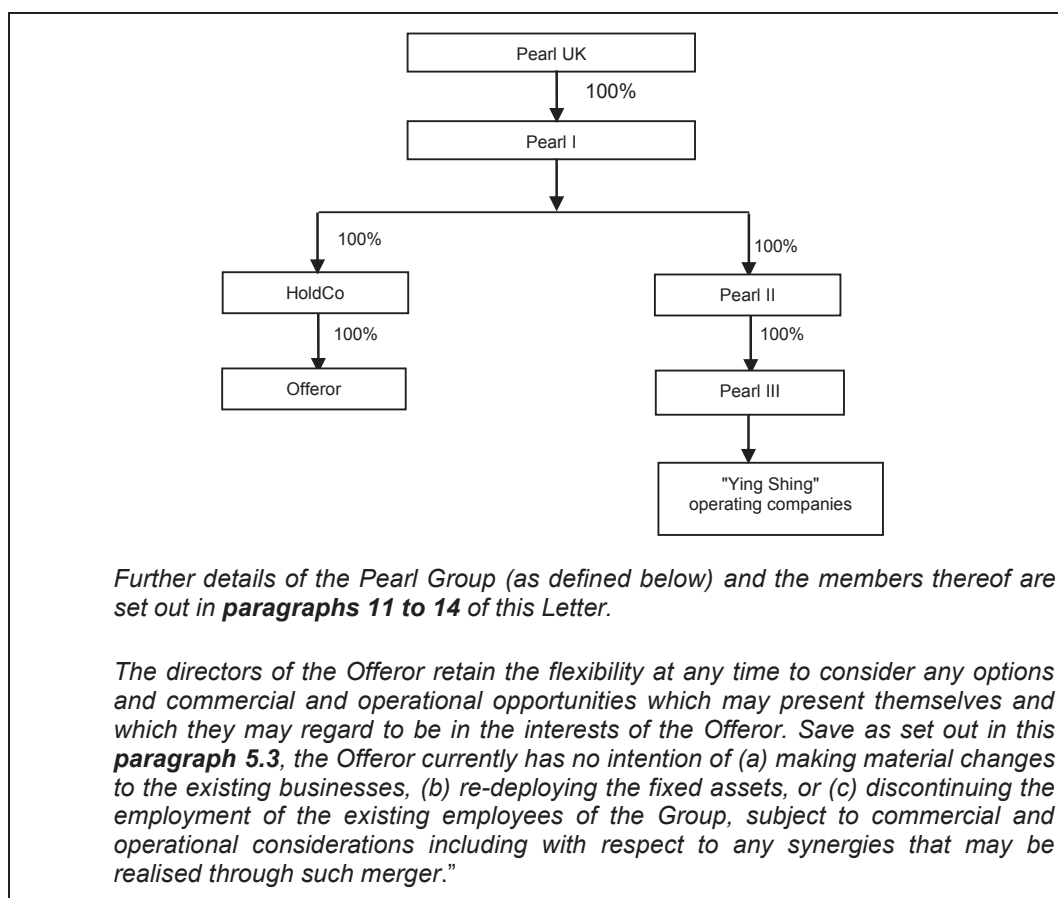


*Please refer to **paragraph 6** below for further details on the financial evaluation of the Scheme Consideration.*

5.3 Future Plans. *Following completion of the Acquisition, it is intended that the Offeror will merge with Pearl Holding III Limited (“**Pearl III**”), following which the merged entity will be an indirect wholly-owned subsidiary of Project Pearl Holding Limited (“**Pearl UK**”) and a member of the Pearl Group (as defined in **paragraph 14.1** below).*

*As at the Latest Practicable Date, all of the shares in Pearl III are owned by Pearl Holding II Limited (“**Pearl II**”), a wholly-owned subsidiary of Pearl Holding I Limited (“**Pearl I**”), which is in turn wholly-owned by Pearl UK. A shareholding chart setting out the relationship among the Offeror, HoldCo (as defined in **paragraph 9.4** below), Pearl UK, Pearl I, Pearl II and Pearl III is set out below.*

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME



7. ASSESSMENT OF THE FINANCIAL TERMS OF THE SCHEME

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

- (a) Historical share price performance and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Comparison with recently completed privatisation of companies listed on the SGX-ST;
- (d) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;
- (e) Dividend track record of the Company; and
- (f) Other relevant considerations relating to the Scheme.

7.1 Historical share price performance and trading activity of the Shares

Share Price Chart

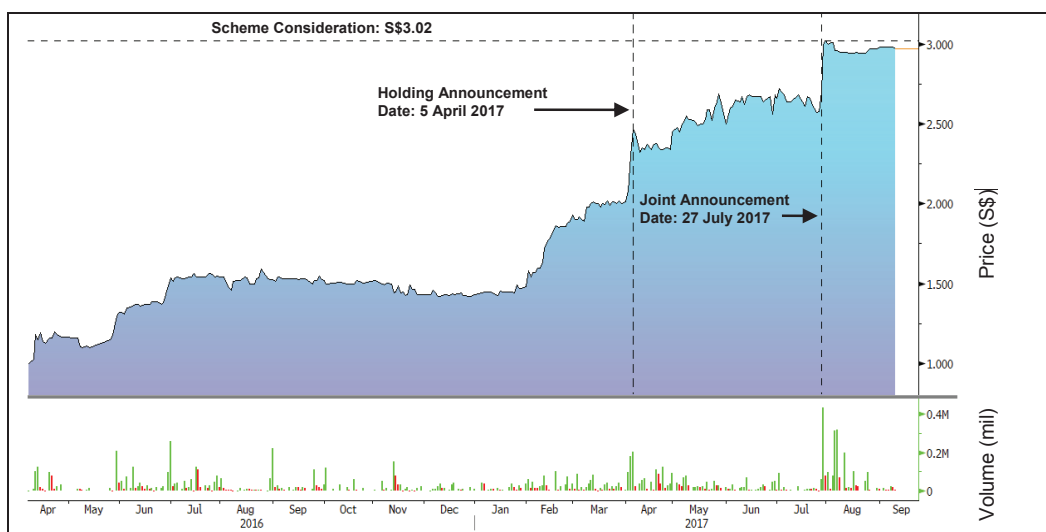
As described in Section 4 of this Letter under the caption “**Expression of interest and the Scheme**”, the Company had made the Holding Announcement in relation to the EOI from a third party on 5 April 2017 before trading hours. This was followed by three more update

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

announcements on 4 May 2017, 2 June 2017 and 4 July 2017, before the Company and the Offeror made the Joint Announcement on 27 July 2017.

We have therefore compared the Scheme Consideration against the historical market price performance of the Shares and considered the historical trading volume of the Shares for the last 1-year period from 5 April 2016 to 4 April 2017, being the last trading day prior to the release of the Holding Announcement, and up to the Latest Practicable Date (“**Period Under Review**”).

Price movement and trading volume of the Shares for the Period Under Review



Source: Bloomberg L.P.

During the Period Under Review from 5 April 2016 and up to the Holding Announcement, the Shares had traded substantially below the Scheme Consideration, of between S\$1.00 and S\$2.30. After the Holding Announcement, the Shares were last transacted at S\$2.50, S\$2.60 and S\$2.70 on the three update announcement dates of 4 May 2017, 2 June 2017 and 4 July 2017 respectively. By the time of the Joint Announcement Date, the Shares were last transacted at S\$2.70. The Scheme Consideration is still higher than the above last transacted Share prices.

Since the Joint Announcement Date and up to the Latest Practicable Date, the Shares had traded up to the Scheme Consideration, presumably supported by the Scheme Consideration. The last transacted Share price was S\$2.97 on 11 September 2017, being the trading day when the Shares were last transacted prior to the Latest Practicable Date. There was no trade done on the Shares on the Latest Practicable Date.

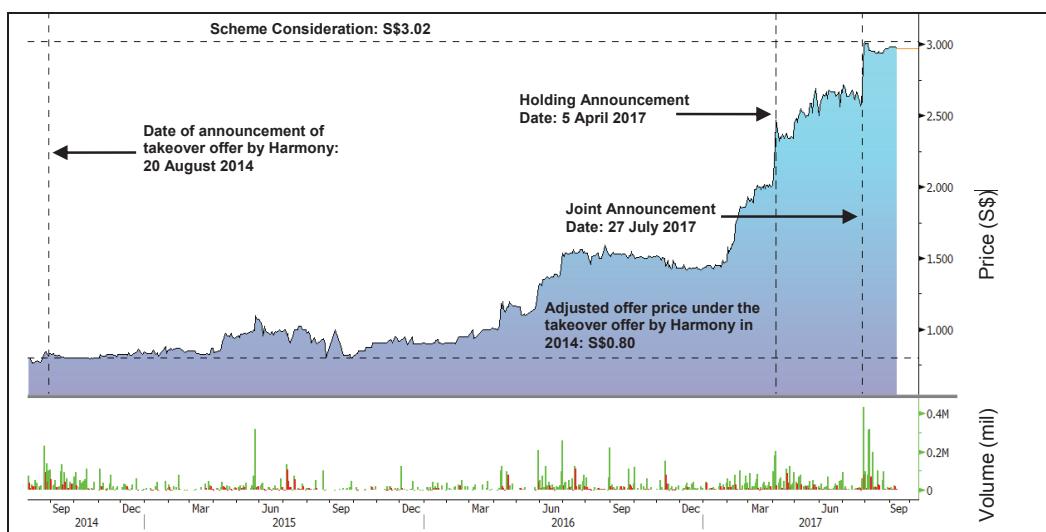
Comparison with the takeover offer by Harmony in August 2014

It is interesting to note that the Scheme Consideration of S\$3.02 per Share is 3.78 times the adjusted offer price of S\$0.80 under the takeover offer by Harmony in 2014 (adjusted to take into consideration the Share Consolidation exercise in September 2015 for the purpose of comparison with the Scheme Consideration). Brief information on the above is set out in Section 4 of this Letter.

The Shares had generally traded at slightly above the adjusted offer price of S\$0.80 of up to around S\$1.00 since the takeover offer by Harmony in August 2014 until around the second quarter of 2016 when Share prices trended upwards significantly to up to S\$2.30 until the Holding Announcement.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

The price chart of the Shares from 1 August 2014 to the Latest Practicable Date is shown below for ease of reference:



Market Statistics

In addition to the share price chart for the Period Under Review, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares from 5 April 2016, being the 1-year period prior to Holding Announcement Date, and up to the Latest Practicable Date.

Reference period	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP ⁽¹⁾ (S\$)	Premium/(Discount) of Scheme Consideration over/(to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Prior to the Holding Announcement Date</u>							
Last 1 year	2.30	1.00	1.543	95.7	193	23	0.17
Last 6 months	2.30	1.41	1.711	76.5	95	20	0.15
Last 3 months	2.30	1.42	1.846	63.6	55	27	0.20
Last 1 month	2.30	1.87	2.056	46.9	21	33	0.25
4 April 2017 (last full trading day prior to the Holding Announcement Date)	2.30	2.10	2.220	36.0	1	181	3.03
<u>After the Holding Announcement Date</u>							
From 5 April 2017 to 27 July 2017 (last full trading day prior to the release of the Joint Announcement)	2.75	2.30	2.500	20.8	69	28	0.21
27 July 2017 (last full trading day prior to the release of the Joint Announcement)	2.74	2.59	2.672	13.0	1	61	0.46
<u>After the Joint Announcement Date</u>							
From 28 July 2017 to the Latest Practicable Date	3.02	2.94	2.968	1.7	26	58	0.43
11 September 2017 (being the trading day when the Shares were last transacted prior to the Latest Practicable Date)	2.97	2.97	2.970	1.7	1	6	0.04

Source: Bloomberg L.P.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

Notes:

- (1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P.. Off market transactions are excluded from the calculation;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of market days (excluding market days with full day trading halts) during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 13.27 million Shares based on the free float of 23.8% as disclosed in the Company's 2017 annual report.

We observed the following with regard to the Share price performance for the Period Under Review:

- (a) Over the 1-year period prior to the Holding Announcement Date, the Shares have traded between a low of S\$1.00 and a high of S\$2.30. The Scheme Consideration represents a premium of S\$2.02 (or 202.0%) and S\$0.72 (or 31.3%) above the lowest and highest transacted prices of the Shares respectively;
- (b) The Scheme Consideration represents a premium of 95.7%, 76.5%, 63.6% and 46.9% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods, prior to the Holding Announcement Date respectively;
- (c) The Scheme Consideration represents a premium of S\$0.72 (or 31.3%) above the last transacted Share price of S\$2.30 on 4 April 2017, being the last full trading day prior to the Holding Announcement Date;
- (d) From the Holding Announcement Date and up to 27 July 2017 (being the Company's last trading day prior to the release of the Joint Announcement), the Shares have traded between a low of S\$2.30 and a high of S\$2.75. The Scheme Consideration represents a premium of S\$0.72 (or 31.3%) and S\$0.27 (or 9.8%) above the lowest and highest transacted prices of the Shares respectively;
- (e) The Scheme Consideration represents a premium of 11.9% above the last transacted Share price of S\$2.70 on 27 July 2017, being the last full trading day prior to the release of the Joint Announcement; and
- (f) From 28 July 2017 and up to the Latest Practicable Date, the Shares had traded up to the Scheme Consideration of S\$3.02. There was no trade done on the Shares on the Latest Practicable Date. The last transacted Share price was S\$2.97 on 11 September 2017, being the trading day when the Shares were last transacted prior to the Latest Practicable Date.

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

- (i) Over the 1-year period prior to the Holding Announcement Date, the Shares had traded on 193 out of the 255 market days. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the Holding Announcement, represent 0.17%, 0.15%, 0.20% and 0.25% of the free float of the Shares respectively. Trading liquidity was generally low until the surge in trading volume on 4 April 2017 which presumably prompted the Holding Announcement on 5 April 2017;
- (ii) For the period following the Holding Announcement Date and up to 27 July 2017 (being the last trading day prior to the release of the Joint Announcement), the average daily trading volume on the Shares remained low at approximately 28,000 Shares, representing 0.24% of the free float of the Shares; and

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

- (iii) During the period following the Joint Announcement and up to the Latest Practicable Date, the average daily trading volume on the Shares was slightly higher but remained low at approximately 58,000 Shares, representing 0.43% of the free float of the Shares.

7.2 Financial analysis of the Group

7.2.1 Financial performance of the Group

We set out below a summary of the audited profit and loss statements of the Group for the last three financial years ended 31 March 2015 (“FY2015”), 31 March 2016 (“FY2016”) and 31 March 2017 (“FY2017”):

S\$'000	FY2015	FY2016	FY2017
Revenue	168,265	187,944	178,086
Gross profit	30,964	39,365	39,623
Profit after tax	7,483	12,967	13,031

Source: The Company's annual reports for FY2016 and FY2017

Review of Operating Results

FY2016 vs FY2015

The Group recorded an increase in revenue of S\$19.7 million (or 11.7%) from S\$168.3 million in FY2015 to S\$187.9 million in FY2016, due mainly to higher orders from customers in the automotive sector.

Gross profit increased by S\$8.4 million (or 27.1%) from S\$31.0 million in FY2015 to S\$39.4 million in FY2016 due mainly to the Group's cost control measures and improvement in productivity through industrial automation. Accordingly, gross profit margin improved from 18.4% in FY2015 to 20.9% in FY2016.

In line with the growth in revenue and gross profit margin, the Group recorded an increase in profit after tax of S\$5.5 million (or 73.3%) from S\$7.5 million in FY2015 to S\$13.0 million in FY2016.

FY2017 vs FY2016

The Group recorded a decrease in revenue of S\$9.9 million (or 5.2%) from S\$187.9 million in FY2016 to S\$178.1 million in FY2017 due to the decrease in revenue contribution across all product sectors.

Despite lower revenue, gross profit increased marginally by S\$0.3 million (or 0.7%) from S\$39.4 million in FY2016 to S\$39.6 million in FY2017 due mainly to improved efficiency and better utilisation of production capacity. As a result, gross profit margin increased from 20.9% in FY2016 to 22.2% in FY2017.

Overall, the Group's profit after tax remained relatively stable at S\$13.0 million for FY2017 compared to FY2016.

Historical price-earnings ratio (“PER”) implied by the Scheme Consideration

In assessing the reasonableness of the Scheme Consideration, we have considered using the earnings approach which is commonly used for the valuation of a profitable company as a going concern.

PER illustrates the valuation ratio of the current market value of a company's share relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of the company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

For our analysis, we have evaluated the implied PER of the Group implied by the Scheme Consideration based on the Group's profit after taxation for FY2017 of S\$13.03 million.

The market capitalisation of the Group implied by the Scheme Consideration and based on the issued Shares as at the Latest Practicable Date is S\$168.40 million. The Scheme Consideration thus values the Group at a historical PER of **12.92 times**.

7.2.2 Financial Position of the Group

Based on the latest available financial statements of the Group for FY2017, the statement of financial position of the Group as at 31 March 2017 is set out below:

S\$'000	Audited as at 31 March 2017
Non-current assets	
Property, plant and equipment	38,126
Goodwill and other intangible assets	5,634
Land use right	3,315
Available-for-sale investment	80
Deferred tax assets	591
	<u>47,746</u>
Current assets	
Inventories	18,990
Trade and other receivables	47,731
Other assets	112
Prepayments	1,780
Cash and short-term deposits	40,609
	<u>109,222</u>
Current liabilities	
Trade and other payables	32,018
Loans and borrowings	6,666
Income tax payable	955
	<u>39,639</u>
Net current assets	69,583
Non-current liabilities	
Loans and borrowings	6,564
Provision for defined benefit plan	429
Deferred tax liabilities	658
	<u>7,651</u>
Net assets	109,678
Equity attributable to owners of the Company	
Share capital	59,506
Foreign currency translation reserve	(1,608)
Retained earnings	43,267
Statutory reserve	8,513
Equity / Net asset value ("NAV")	109,678
Net tangible asset ("NTA") of the Group (excluding goodwill and other intangible assets)	104,044
Number of issued Shares	55,760,986
NAV per Share (S\$)	1.97
NTA per Share (S\$)	1.87

Source: The Company's audited financial statements of the Group for FY2017

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

Assets

As at 31 March 2017, the Group has total assets of S\$157.0 million comprising current assets of S\$109.2 million (69.6% of total assets) and non-current assets of S\$47.7 million (30.4% of total assets).

The main current assets of the Group are trade and other receivables of S\$47.7 million (43.7% of current assets), cash and short-term deposits of S\$40.6 million (37.2% of current assets) and inventories of S\$19.0 million (17.4% of current assets).

The main non-current asset of the Group is the property, plant and equipment (“**PPE**”) of S\$38.1 million (79.9% of non-current assets). Related to PPE is the land use right of S\$3.3 million which is in relation to the leasehold property in Suzhou (“**Suzhou Property**”), which is classified as construction-in-progress under PPE.

PPE comprises mainly plant and machinery of S\$20.7 million (54.4% of PPE) and construction-in-progress of S\$9.0 million (23.6% of PPE). The latter relates mainly to the Suzhou Property acquired but not yet available for use. The Suzhou Property was acquired with the intention to consolidate the Group’s manufacturing operations in Suzhou at the Suzhou Property as the Suzhou Property is much bigger than the combined current three manufacturing plants. The Suzhou Property is expected to commence operations in the second quarter of the calendar year 2018.

The Group had, on 18 July 2016, announced the acquisition of the Suzhou Property including the land use right in respect of the property. As disclosed in the above announcement, the purchase consideration for the Suzhou Property was RMB56 million (S\$11.37 million based on the exchange rate of RMB1:S\$0.203) as compared to its market value of RMB98.98 million (S\$20.09 million).

Management had represented that the market valuation of the Suzhou Property had not changed significantly since the acquisition of the Suzhou Property. Hence, on this premise, there is a revaluation surplus on the Suzhou Property of approximately RMB42.98 million (S\$8.72 million). Since the acquisition of the Suzhou Property, the Group had also not incurred any significant refurbishment cost on the Suzhou Property as at 31 March 2017 as it was seeking the relevant regulatory approvals before refurbishment work could commence.

Liabilities and Equity

As at 31 March 2017, total liabilities of the Group amounting to S\$47.3 million comprise mainly current liabilities of S\$39.6 million and non-current liabilities of S\$7.7 million. Of the current liabilities, trade and other payables of S\$32.0 million is the largest component. Total bank borrowings (comprising current and non-current) amounted to S\$13.2 million (representing 28.0% of total liabilities). Of these bank borrowings, S\$6.5 million relates to a bank loan to finance the acquisition of the Suzhou Property.

The net current assets of the Group (current assets less current liabilities) amounting to S\$69.6 million constitute more than 50% of the total equity of the Group. In addition, the Group is in a net cash position of S\$27.4 million (total loans and borrowings less cash and short-term deposits). Accordingly, the Group is in a healthy financial position as at 31 March 2017.

NAV of the Group as at 31 March 2017 was S\$109.7 million, representing NAV per Share of S\$1.97 based on 55,760,986 outstanding issued Shares.

After deducting goodwill and other intangible assets, the NTA of the Group as at 31 March 2017 was S\$104.0 million, representing NTA per Share of S\$1.87.

Price-to-NTA (“P/NTA”) ratio of the Group

The net asset backing of the Group is measured by its NAV or NTA value.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

The NTA based valuation approach provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

The NTA based valuation approach shows the extent to which the value of each Share is backed by the Group's net tangible assets. NTA is derived by deducting intangible assets from the NAV.

Based on the NTA per Share of S\$1.87 as at 31 March 2017, the Scheme Consideration represents a P/NTA of 1.61 times, that is, the Scheme Consideration is at a premium of 61.5% above the NTA per Share.

7.2.3 Adjusted Revalued NTA of the Group

Based on publicly available information of the Group as at the Latest Practicable Date, we have identified two items which require adjustments to the NTA of the Group as at 31 March 2017:

- (a) Revaluation surplus of the Suzhou Property of S\$8.72 million, as described above.

No valuation was commissioned by the Company for the purpose of the Scheme as the net book value of the Suzhou Property of approximately S\$12 million represents only 7% of the valuation of the Group implied by the Scheme Consideration.

In addition, since the acquisition of the Suzhou Property in July 2016, the factory was not in operation as at 31 March 2017 as the Group was seeking the relevant regulatory approvals to refurbish the property. The market valuation of the Suzhou Property of RMB98.98 million (S\$20.09 million) was disclosed in the announcement by the Company on 18 July 2016 in connection with the acquisition of the Suzhou Property.

Based on Management's representation that there is no material change in the market value of the Suzhou Property as at 31 March 2017, in assessing the revaluation surplus on the Suzhou Property, we have also considered whether there is any potential tax liability which would arise on the disposal of the Suzhou Property for the purpose of Rule 26.3 of the Code. Management had indicated that the Suzhou Property is for the Group's manufacturing operations and is currently being refurbished for its own use. Hence, there is no intention to dispose of the Suzhou Property. Accordingly, there is no potential tax liability arising from the revaluation surplus; and

- (b) Dividends of approximately S\$3.35 million in respect of FY2017 which were paid out on 17 August 2017 following Shareholders' approval at the AGM on 28 July 2017.

As described in Section 5.1 of this Letter, pursuant to the terms of the Scheme, if and when the Scheme becomes effective, Shareholders will still be entitled to retain the Dividends which were declared on 30 May 2017 (that is, before the Joint Announcement Date).

In view of the above and as the Dividends have not been provided or accrued for in the statement of financial position of the Group, the NTA of the Group as at 31 March 2017 therefore needs to be adjusted for such Dividends.

Following from the above, the adjusted revalued NTA ("**Adjusted RNTA**") of the Group as at 31 March 2017 is computed as follows:

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

	S\$'000	S\$ per Share
NTA of the Group as at 31 March 2017	104,044	1.87
Add : revaluation surplus on the Suzhou Property	8,720	0.16
Less: Dividends paid in respect of FY2017	(3,346)	(0.06)
Adjusted RNTA of the Group as at 31 March 2017	109,418	1.96

Based on the Adjusted RNTA per Share of S\$1.96 as at 31 March 2017, the Scheme Consideration represents a P/Adjusted RNTA of 1.54 times, that is, the Scheme Consideration is at a premium of 54.1% above the Adjusted RNTA per Share.

For the purpose of making a comparison on the P/NTA basis of the Group with the Precedent Privatisation Transactions and Comparable Companies as set out in Section 7.3 and Section 7.4 respectively of this Letter, we have used the above P/Adjusted RNTA of 1.54 times implied by the Scheme Consideration.

In our evaluation of the financial terms of the Scheme, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 March 2017, and whether there are factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NTA as at 31 March 2017.

In respect of the above, we have sought the following confirmation from the Board of Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, and save for announcements made by the Company since 31 March 2017 to the Latest Practicable Date:

- (a) other than the Suzhou Property, there are no material differences between the realisable value of the Group's assets and their respective book values as at 31 March 2017 which would have a material impact on the NTA of the Group;
- (b) save for the Dividends and other than that already provided for or disclosed in the Group's financial information as at 31 March 2017, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (c) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (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 Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have a material impact on the overall financial position of the Group; and
- (e) there are no material acquisitions and disposals of assets by the Group between 31 March 2017 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

7.3 Comparison with recently completed privatisation of companies listed on the SGX-ST

In assessing the reasonableness of the Scheme Consideration, we have compared the financial terms of the Scheme with those of the selected successful privatisation transactions announced since January 2016 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

general takeover offers under the Code where the offeror has stated its intention to delist the listed company from the SGX-ST (“**Precedent Privatisation Transactions**”).

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the Precedent Privatisation Transactions; and
- (b) the premium or discount represented by each of the respective offer prices to the NTA (“**P/NTA**”) of the respective target companies. We note that certain Precedent Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV (“**RNAV**”), RNTA or adjusted NAV/NTA of the Precedent Privatisation Transactions, where applicable.

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

The relevant statistics of the 28 Precedent Privatisation Transactions are set out below:

Name of company	Sector	Date of announcement	Premium/(discount) of offer price over/(to)			P/NTA (times)
			Last transacted price prior to announcement (%)	VWAP for 1-month period prior to announcement (%)	VWAP for 3-month period prior to announcement (%)	
HTL International Holdings Limited	Manufacture, processing and sale of wooden products	07 Jan 2016	46.0	69.2	98.4	1.93 ⁽¹⁾
Lantrovision (S) Ltd	Supply, design, install and provide IT consultancy services	27 Jan 2016	47.7	42.8	46.2	1.50 ⁽²⁾
China Yongsheng Limited	Production and supply of concrete and related products	24 Feb 2016	52.4	67.4	62.4	0.65 ⁽³⁾
Xinren Aluminium Holdings Limited	Smelting, sale, production and trading of aluminium and related products	25 Feb 2016	25.1	49.6	50.0	1.48 ⁽⁴⁾
OSIM International Ltd	Distributes, sells and franchises healthy lifestyle products	07 Mar 2016	27.0	40.9	42.5	2.60 ⁽⁵⁾
Select Group Limited	Food catering and management services	23 Mar 2016	23.5	37.9	43.4	3.90 ⁽⁶⁾
GMG Global Ltd	Processing, producing, marketing and exporting of rubber	28 Mar 2016	10.8	25.2	39.9	0.75 ⁽⁷⁾

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

Name of company	Sector	Date of announcement	Premium/(discount) of offer price over/(to)			P/NTA (times)
			Last transacted price prior to announcement (%)	VWAP for 1-month period prior to announcement (%)	VWAP for 3-month period prior to announcement (%)	
Xyec Holdings Co., Ltd.	Provision of integrated engineering and IT consultancy and services	29 Mar 2016	50.0	49.3	49.3	1.30 ⁽⁸⁾
Pteris Global Limited	Provision of airport facility equipment	21 Apr 2016	33.9	38.0	44.1	1.24 ⁽⁹⁾
China Merchants Holdings (Pacific) Limited	Toll road operator	09 May 2016	22.9	21.8	25.3	1.10 ⁽¹⁰⁾
Eu Yan Sang International Ltd	Health and wellness company in traditional Chinese medicines	16 May 2016	2.6	8.5	16.5	1.70 ⁽¹¹⁾
Otto Marine Limited	Vessel construction, repair, conversion, chartering, leasing of vessels and subsea services	08 Jun 2016	39.1	44.8	43.5	2.30 ⁽¹²⁾
SMRT Corp Ltd	Provision of land transport services in rail operations, maintenance and engineering as well as bus, taxi and automotive	20 Jul 2016	8.7	10.8	10.7	2.80 ⁽¹³⁾
Sim Lian Group Limited	Property development, investment and construction	08 Aug 2016	14.9	16.6	19.5	0.78 ⁽¹⁴⁾
China Minzhong Food Corporation Limited	Cultivation, production and sale of processed vegetables, fruit and vegetable beverages	06 Sep 2016	25.0	24.8	23.1	0.72 ⁽¹⁵⁾
Aztech Group Ltd.	Electronics and LED lighting manufacturing, material supply and marine logistics, and food and beverage retail and supplies	19 Sep 2016	29.2	38.6	21.0	0.44 ⁽¹⁶⁾
China New Town Development Company Limited	Urbanisation developer and operator for large township projects	18 Oct 2016	18.6	20.5	27.0	0.90 ⁽¹⁷⁾
China Auto Electronics Group Limited	Automotive electrical and electronics distribution and system manufacturer	24 Oct 2016	23.1	50.9	65.0	1.30 ⁽¹⁸⁾
Innovalues Limited	Manufactures customised precision machined parts and components for automotive industries	26 Oct 2016	13.5 ⁽²⁰⁾	19.0 ⁽²⁰⁾	21.6 ⁽²⁰⁾	3.70 ⁽¹⁹⁾
Super Group Ltd.	Manufacturing and distribution of consumer products, primarily instant coffee, instant cereal and instant tea mixes	03 Nov 2016	44.4	47.4	54.4	2.69 ⁽²¹⁾
ARA Asset Management Limited	Asian real estate fund management of REITs and private real estate funds	08 Nov 2016	26.2	29.6	30.3	3.05 ⁽²²⁾
Advanced Integrated Manufacturing Corp. Ltd.	Electronics manufacturing provider	24 Nov 2016	22.8	20.7	20.7	0.70 ⁽²³⁾
Sunmart Holdings Limited	Manufacturing and sale of spray products such as spray pumps, aluminium cans and plastic bottles used in the packaging for FMCG, pharmaceutical and health supplements	30 Nov 2016	n.m. ⁽³¹⁾	n.m. ⁽³¹⁾	n.m. ⁽³¹⁾	0.85 ⁽²⁴⁾

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

Name of company	Sector	Date of announcement	Premium/(discount) of offer price over/(to)			P/NTA (times)
			Last transacted price prior to announcement (%)	VWAP for 1-month period prior to announcement (%)	VWAP for 3-month period prior to announcement (%)	
Auric Pacific Group Limited	Distributor of fast-moving consumer goods, food manufacturing and retailing, restaurants and food court management	07 Feb 2017	13.4	17.7	23.8	1.47 ⁽²⁵⁾
Global Premium Hotels Limited	Development and operation of hotels in the economy-tier to mid-tier class	23 Feb 2017	14.1	18.1	21.7	0.53 ⁽²⁶⁾
Noble Design Holdings Ltd	Provider of interior design, renovation, and furnishing services for residential, office and commercial properties	03 May 2017	8.5	9.4	15.9	0.67 ⁽²⁷⁾
Changtian Plastic & Chemical Limited	Manufacture and trading of chemical-based products	29 May 2017	45.3	46.6	48.2	0.40 ⁽²⁸⁾
China Flexible Packaging Holdings Limited	Manufacturing and sale of plastic packaging films, synthetic papers, and high barrier films.	19 Jun 2017	23.2	24.3	28.2	0.80 ⁽²⁹⁾
High			52.4	69.2	98.4	3.90
Low			2.6	8.5	10.7	0.40
Mean			26.5	33.3	37.1	1.54
Median			24.3	33.8	35.1	1.30
The Company (implied by the Scheme Consideration)			5 April 2017 (Holding Announcement Date)	31.3⁽³⁰⁾	46.9⁽³⁰⁾	63.6⁽³⁰⁾
						1.54 (Based on Adjusted RNTA as at 31 Mar 2017)

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

Notes:

- (1) Based on the NTA per share of HTL International Holdings Limited as at 31 December 2015;
- (2) Based on the NTA per share of Lantrovision (S) Ltd as at 31 December 2015;
- (3) Based on the RNAV per share of China Yongsheng Limited as at 31 December 2015;
- (4) Based on the RNAV per share of Xinren Aluminium Holdings Limited as at 31 December 2015;
- (5) Based on the final offer price of S\$1.39 per share announced on 5 April 2016 and the audited NAV per share of OSIM International Ltd as at 31 December 2015;
- (6) Based on the NTA per share of Select Group Limited as at 31 December 2015;
- (7) Based on the midpoint of the price-to-NAV ("P/NAV") range of GMG Global Limited of 0.72-0.77 as at 31 December 2015 implied by the respective Halcyon Agri Corporation Limited (offeror) VWAP for the 1, 3 and 6 months periods prior to the pre-conditional announcement date of 28 March 2016;
- (8) Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015;
- (9) Based on the final offer and RNTA per share of Pteris Global Limited as at 31 March 2016;
- (10) Based on the RNAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016;
- (11) Based on the RNAV per share of Eu Yan Sang International Ltd as at 31 March 2016;

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

- (12) Based on the RNTA per share of Otto Marine Limited as at 31 March 2016;
- (13) Based on the NTA per share of SMRT Corp Ltd as at 30 June 2016;
- (14) Based on the RNAV per share of Sim Lian Group Limited as at 30 June 2016;
- (15) Based on the NTA per share of China Minzhong Food Corporation Limited as at 30 September 2016;
- (16) Based on the RNTA per share of Aztech Group Ltd. as at 30 June 2016;
- (17) Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016;
- (18) Based on the NTA per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016;
- (19) Based on the NTA per share of Innovalues Limited as at 30 September 2016;
- (20) The market premia were computed based on prices prior to the holding announcement date (7 April 2016) when the company first announced that it has appointed a financial adviser to conduct a review of the strategic options available to the company with a view to enhancing and unlocking shareholder value;
- (21) Based on the NTA per share of Super Group Ltd. as at 31 December 2016;
- (22) Based on the NAV per share of ARA Asset Management Limited as at 31 December 2016;
- (23) Based on the RNTA per share of Advanced Integrated Manufacturing Corp. Ltd. as at 30 September 2016;
- (24) Based on the RNAV per share of Sunmart Holdings Limited as at 30 September 2016;
- (25) Based on the RNTA per share of Auric Pacific Group Limited as at 31 December 2016;
- (26) Based on the RNAV per share of Global Premium Hotels Limited as at 31 December 2016;
- (27) Based on the RNAV per share of Noble Design Holdings Limited as at 31 March 2017;
- (28) Based on the RNTA per share of Changtian Plastic & Chemical Limited as at 31 March 2017;
- (29) Based on the RNTA per share of China Flexible Packaging Holdings Limited as at 30 June 2017;
- (30) The market premia implied by the Scheme Consideration were computed based on prices prior to the Holding Announcement Date when the Company first announced that it had received a non-binding EOI from a third party relating to a possible transaction involving the Shares; and
- (31) n.m. denotes not meaningful.

Based on the above, we note that:

- (a) The premia implied by the Scheme Consideration over the last transacted price, and the VWAP for the 1-month and 3-month periods prior to the Holding Announcement Date are within the range and higher than the mean and median of the corresponding premia of the Precedent Privatisation Transactions; and
- (b) The P/Adjusted RNTA of 1.54 times implied by the Scheme Consideration is within the range of the P/NTA ratios and higher than the median and close to the mean of the corresponding P/NTA ratios of the Precedent Privatisation Transactions.

Shareholders should note that the above comparison with the Precedent Privatisation Transactions is for illustrative purposes only.

We note that since January 2016 and up to the Latest Practicable Date, there were no privatisation transactions of companies which are similar to the profile of the Group in terms of its business activities.

7.4 Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group

The Group is engaged in the manufacture of high volume precision engineering plastic components for electronic, medical and automotive products and is also involved in the design and manufacture of plastic injection moulds and sub-assembly of plastic components.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

For the purpose of assessing the Scheme Consideration, we have also made a comparison against the valuation ratios of selected companies listed on the SGX-ST that are principally engaged in the manufacture of precision engineering plastic components and plastic injection moulds that can be considered as broad proxies to the Group ("**Comparable Companies**").

Based on the above selection criteria, we have identified six such companies.

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

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

A brief description of the Comparable Companies, as extracted from Bloomberg L.P., is set out below:

Name	Principal business
Hi-P International Limited (" Hi-P International ")	Hi-P International is an integrated contract manufacturing services provider. The company specializes in precision plastic injection moulding, mould design and fabrication, assembly, ancillary value-added services and precision metal stamping. The company also provides turnkey contract manufacturing services.
Sunningdale Tech Ltd (" Sunningdale Tech ")	Sunningdale Tech manufactures and sells mould and plastic injection products. The company also designs, manufactures, markets, and exports high precision steel moulds. Sunningdale Tech trades car audio equipment and provides product design consultancy, mold flow service, mold design and project management.
Fu Yu Corporation Limited (" Fu Yu Corp ")	Fu Yu Corp manufactures and sells precision plastic injection molds and plastic components. The company also manufactures and sells plastic, aluminium parts, electronic products and equipment for medical use.
Memtech International Ltd (" Memtech ")	Memtech manufactures and sells customized precision molded components such as high-end silicone rubber, plastic and silicone rubber-plastic hybrid keypads, mainly for the mobile phone and automotive industries. The company also provides engineering design and manufactures acrylic and glass lenses.
Jubilee Industries Holdings Ltd (" Jubilee Industries ")	Jubilee Industries offers plastic molding services. The company produces precision plastic injection molds for consumer electronics, household appliances, automobile and computer peripherals manufacturers, and offers single-shot, double-shot, insert and gas-assisted injection molding services.
Acma Ltd. (" ACMA ")	ACMA manufactures molds and precision plastic components. The company's products are used in the automotive market.

For the purpose of our evaluation and for illustration, we have made a comparison between the Group and the selected Comparable Companies on a historical basis using the following metrics:

- (i) The PER which is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern; and

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

- (ii) The P/NTA ratio or NTA approach is used to show the extent the value of each share is backed by net tangible assets. The NTA approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group and intangible assets.

Comparable Companies	Last financial year-end	Market capitalisation as at the Joint Announcement Date (\$'million)	Historical PER ⁽¹⁾ (times)	Historical P/NTA ratio ⁽²⁾ (times)
Hi-P International	31 Dec 2016	825.82	10.97	1.43
Sunningdale Tech	31 Dec 2016	375.17	8.69	1.13
Fu Yu Corp	31 Dec 2016	150.60	14.94	0.88
Memtech	31 Dec 2016	141.59	14.28 ⁽³⁾	0.93 ⁽³⁾
Jubilee Industries	31 Mar 2017	25.56	n.m. ⁽⁴⁾	2.67
ACMA	31 Dec 2016	14.84	7.45	0.53
High				
			14.94	2.67
Low				
			7.45	0.53
Mean				
			11.26	1.26
Median				
			10.97	1.03
The Group (implied by the Scheme Consideration)				
31 Mar 2017		168.40	12.92	1.54 (based on Adjusted RNTA as at 31 Mar 2017)

Source: Bloomberg L.P., annual report and financial information of the Comparable Companies

Notes:

- (1) The historical PERs of the Comparable Companies are computed based on their respective latest published full year earnings or their trailing 12-month earnings, where applicable, as set out in their latest available published financial statements as at the Joint Announcement Date;
- (2) The historical P/NTA ratios of the Comparable Companies were computed based on their respective NTA values as set out in their latest available published financial statements and their market capitalisation as at the Joint Announcement Date;
- (3) The historical PER and P/NTA ratios for Memtech is computed based on the foreign exchange rate of US\$1.00 : S\$1.3589 as at the Joint Announcement Date as the reporting currency of Memtech is in US\$; and
- (4) n.m. means not meaningful.

Based on the above, we note that:

- (i) the historical PER of the Group of 12.92 times implied by the Scheme Consideration is within the range and higher than the mean and median of the historical PERs of the Comparable Companies; and
- (ii) the historical P/Adjusted RNTA ratio of the Group of 1.54 times implied by the Scheme Consideration is within the range and higher than the mean and median of the historical P/NTA ratios of the Comparable Companies.

In our analysis of the takeover offer of the Company by Harmony as set out in our IFA letter dated 24 September 2014, the above companies were also identified as Comparable Companies, with the exception of Chosen Holdings Limited (“**Chosen Holdings**”) which was then one of the Comparable Companies but had since been privatised and delisted from the

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

SGX-ST in December 2015. Chosen Holdings was the subject to a voluntary conditional cash offer by an offeror, which is related to a private equity fund, in September 2015 and was subsequently delisted in December 2015 following the close of the offer.

As an illustration, the following are the key statistics of the then Comparable Companies in 2014 and the key privatisation statistics of Chosen Holdings.

	Historical PER (times)	Historical P/NTA ratio (times)
Statistics of Comparable Companies in the takeover offer of the Company in 2014:		
High	13.4	1.1
Low	9.8	0.5
Mean	11.4	0.7
Median	11.1	0.6
Takeover offer statistics of Chosen Holdings ⁽¹⁾	17.4	1.0 ⁽²⁾

Notes:

- (1) The historical PER and P/NAV ratio of Chosen Holdings are extracted from the IFA letter dated 29 September 2015 which is attached as Appendix I to the circular to shareholders dated 29 September 2015; and
- (2) Based on the NAV per share of Chosen Holdings as at 30 June 2015.

In comparison with the above statistics, the historical PER of the Group implied by the Scheme Consideration is 12.92 times and the P/Adjusted RNTA ratio of the Group implied by the Scheme Consideration is 1.54 times.

7.5 Dividend track record of the Company

We set out below, information on the cash dividends per Share declared by the Company in respect of the last three financial years and up to the Latest Practicable Date:

Cash dividends declared (\$\$)	FY2015	FY2016	FY2017
Interim tax exempt dividend per Share	-	0.020	0.030
Final tax exempt dividend per Share	0.030 ⁽¹⁾	0.030	0.030
Special tax exempt dividend per Share	0.020 ⁽¹⁾	0.020	0.030
Total	0.050	0.070	0.090
Average Share price ⁽²⁾ (\$\$)	0.784 ⁽¹⁾	0.941	1.523
Dividend yield ⁽³⁾ (%)	6.37	7.44	5.91

Source: Bloomberg L.P., Company's annual reports and announcements on SGXNET

Notes:

- (1) For comparison purposes, adjusted retrospectively for the Share Consolidation which became effective on 1 September 2015, that is, during FY2016;
- (2) Based on the daily closing prices of the Shares for the respective financial year; and
- (3) Computed based on total dividends per Share divided by the average Share price.

Based on the above, we note that the Company has been paying dividends for the last three financial years, with the total amount of such dividends per Share declared, increasing over the years.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

As announced by the Company on 30 May 2017, the Company had declared the Dividends for FY2017 which we note had been paid out to Shareholders on 17 August 2017. Pursuant to the terms of the Scheme, if and when the Scheme becomes effective, Shareholders will still be entitled to retain the Dividends.

The Directors have confirmed to us that the Company does not have a fixed dividend policy and that they will propose future dividends after taking into consideration, *inter alia*, the Group's financial position, retained earnings, results of operation and cash flow, the Group's expected working capital requirements, the Group's expected capital expenditure and future expansion and investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy. If the Scheme does not become effective, there is no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in the past periods. If the Scheme becomes effective, the Company will be wholly-owned by the Offeror.

7.6 Other relevant considerations relating to the Scheme

7.6.1 Effect of the Scheme and Delisting

The Acquisition is presently being proposed to be effected by way of the Scheme. Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and subject to the conditions of the SGX-ST's approval for the delisting of the Shares as set out in Section 5.6 of this Letter, the Shares will be delisted from the Official List of the SGX-ST.

Upon the Scheme becoming effective, it will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

Shareholders should note that by voting in favour of the Scheme, they are agreeing to the Offeror and parties acting in concert with it acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

7.6.2 Irrevocable Undertakings

The Scheme is subject to Shareholders' approval at the Scheme Meeting constituting a majority in number of Shareholders holding at least 75% in value of the Shares, present and voting, either in person or by proxy, at the Scheme Meeting.

In this regard, the Undertaking Shareholders, who hold in aggregate 42,083,799 Shares, representing 75.48% of the total number of issued Shares, have each given their Irrevocable Undertakings to vote in favour of the Scheme at the Scheme Meeting.

7.6.3 Directors' intentions with respect to their Shares

As disclosed in Section 5.4 of this Letter, Mr Chan Kok Wai, Peter, the Executive Director of the Company, who has a direct shareholding of 360,000 Shares (representing 0.65% shareholding interest in the Company), has given his Irrevocable Undertaking to the Offeror that he will vote in favour of the Scheme.

Mr Tan Choon King and Mr Foo Meng Tong, as Directors of the Company, do not have any direct shareholding interest in the Company. However, pursuant to their shareholding interests in Harmony as described in Section 5.4 of this Letter, they are also undertaking parties to the Irrevocable Undertaking in respect of Harmony's shareholding interest in the Company.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

Mr Ng Boon Yew, Independent Director of the Company, has also informed the Company that he will vote in favour of the Scheme in respect of his 30,000 Shares.

Save for the above, none of the Directors has any interest in the Shares.

7.6.4 No cash outlay by Shareholders

If the Scheme becomes effective, all the Shares will be acquired by the Offeror and Shareholders will be paid the Scheme Consideration of S\$3.02 per Share. Shareholders will not incur any cash outlay (including any stamp duties or brokerage expenses) under the Scheme.

7.6.5 No other Competing Offers as at the Latest Practicable Date

The Directors have confirmed that, as at the Latest Practicable Date, the Company has not received any other offer for the Shares. We also note that there is no publicly available evidence of any alternative or Competing Offer for the Shares from any third party since the Joint Announcement Date and up to the Latest Practicable Date.

7.6.6 Commentary by the Company in the unaudited results announcement for FY2017

The Company had made the following comments in relation to its business outlook in its unaudited results announcement for FY2017:

“With the uncertain global economic outlook and tepid growth weighing on business sentiment, the environment in which the Group operates is expected to remain challenging, competitive and difficult. Coupled with rising operating costs and volatility in foreign exchange rates, the Group continues to face pricing pressures from customers.

Against this backdrop, the Group will continue to streamline its operations, enhance its engineering capabilities, drive operational efficiency and tighten cost control to remain competitive.

In line with its growth strategy and consolidation, the Group has acquired another factory building in Suzhou. With this acquisition, the Group intends to progressively add capacity to service and increase its market share with existing and new customers. The new factory is expected to commence operations in the 2nd quarter of 2018.”

8. OUR RECOMMENDATION TO THE DIRECTORS ON THE SCHEME

In arriving at our recommendation on the Scheme, we have assessed the financial terms of the Scheme after taking into consideration the following key considerations which we consider to be pertinent and which we consider may have a significant bearing on our assessment:

- (a) Historical share price performance and trading activity of the Shares;
- (b) Financial analysis of the Group;
- (c) Comparison with recently completed privatisation of companies listed on the SGX-ST;
- (d) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;
- (e) Dividend track record of the Company; and
- (f) Other relevant considerations relating to the Scheme.

APPENDIX 1 – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF FISCHER TECH LTD IN RESPECT OF THE SCHEME

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme (that is, the Scheme Consideration) is fair and reasonable and the Scheme is not prejudicial to the interests of Shareholders. Accordingly, we advise the Directors to recommend Shareholders to vote in favour of the Scheme. The Directors should also highlight to Shareholders that the Scheme, when it becomes effective, will be binding on all Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

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

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections of future financial performance of the Company or the Group after the completion of the Scheme. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Scheme.

Our opinion is addressed to the Directors for their benefit and for the purpose of their consideration of the Scheme. The recommendation to be made by them to the Shareholders shall remain the responsibility of the Directors. Whilst a copy of this Letter may be reproduced in the Scheme Document, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the Scheme Meeting and for the purpose of the Scheme, at any time and in any manner without the prior written consent of Provenance Capital in each specific case.

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

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

Wong Bee Eng
Chief Executive Officer

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

FT Holding II Limited

(Company Registration No.: 323958)
(Incorporated in the Cayman Islands)

20 September 2017

To: The Shareholders of Fischer Tech Ltd

Dear Sir/Madam

PROPOSED ACQUISITION BY FT HOLDING II LIMITED OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF FISCHER TECH LTD BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 **Joint Announcement.** On 27 July 2017 (the “**Joint Announcement Date**”), the respective boards of Fischer Tech Ltd (the “**Company**”) and FT Holding II Limited (the “**Offeror**”), a special purpose company incorporated under the laws of the Cayman Islands, which is an indirect wholly-owned subsidiary of investment funds and entities affiliated with and advised by Platinum Equity Advisors, LLC (together with its subsidiaries, “**Platinum**”), made a joint announcement (the “**Joint Announcement**”) in relation to the proposed acquisition (the “**Acquisition**”) by the Offeror of all the issued and paid-up ordinary shares in the capital of the Company (excluding treasury shares, “**Shares**”). The Acquisition will be effected by way of a scheme of arrangement (“**Scheme**”) between the Company and all of its shareholders (“**Shareholders**”) in accordance with section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and the Singapore Code on Take-overs and Mergers (the “**Code**”).
- 1.2 **Implementation Agreement.** In connection with the Acquisition, the Company and the Offeror (each, a “**Party**” and collectively, the “**Parties**”) have on the Joint Announcement Date entered into an implementation agreement (“**Implementation Agreement**”) setting out the terms and conditions on which the Offeror and the Company will implement the Scheme.
- 1.3 **Scheme Consideration and Premium**

Scheme Consideration = <u>S\$3.02 in cash</u> for each Share

The Scheme Consideration represents an attractive premium of approximately 95.6 per cent. over the Company’s 12-month volume weighted average price¹ (“**VWAP**”) of S\$1.544 up to and including 4 April 2017² (see **paragraphs 5.2 and 6** of this Letter for details).

- 1.4 **Scheme Document.** This letter from the Offeror (the “**Letter**”) to the Shareholders should be read and construed together with, and in the context of, the scheme document dated 20 September 2017 (the “**Scheme Document**”) issued by the Company to the Shareholders containing details of the Scheme.
- 1.5 **Terms and References.** Unless otherwise stated, terms used but not defined in this Letter shall have the same meanings as defined in the Scheme Document.

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

¹ VWAP is calculated as the total traded value of the Shares divided by the total volume of Shares traded, based on data extracted from Bloomberg L.P. which shows prices adjusted to reflect any changes in the share capital of the Company. VWAP is rounded to the nearest three decimal places.

² Being the last trading day immediately prior to the Holding Announcement Date (as defined in **paragraph 5.2** below).

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

2. THE ACQUISITION AND THE SCHEME

2.1 The Acquisition. Under the Scheme:

2.1.1 all the Shares held by the Entitled Shareholders will be transferred to the Offeror:

- (a) fully paid;
- (b) free from all Encumbrances; and
- (c) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date (other than the Dividends (as defined below)), in exchange for the Scheme Consideration of **S\$3.02 in cash per Share**. If any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date (other than the Dividends), the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution.

As announced by the Company on 30 May 2017, the Company has declared the following dividends (the “**Dividends**”):

- (A) a final cash dividend of S\$0.03 per Share; and
- (B) a special cash dividend of S\$0.03 per Share,

for the financial year ended 31 March 2017, which have been paid on 17 August 2017. For the avoidance of doubt, if and when the Scheme becomes effective, Shareholders will still be entitled to retain the Dividends; and

2.1.2 in consideration for such transfer, subject to and upon the Scheme becoming effective, each Entitled Shareholder will be entitled to receive the Scheme Consideration for each Share held by such Entitled Shareholder as at the Books Closure Date. The aggregate cash amount that is payable to any Entitled Shareholder in respect of the Shares held by such Entitled Shareholder will be rounded down to the nearest whole cent.

2.2 **Scheme Conditions.** The Scheme is conditional upon the satisfaction or waiver (as the case may be) of a number of conditions precedent (the “**Scheme Conditions**”) by 5.00 p.m. on 27 February 2018 (or such other date as the Company and the Offeror may agree in writing). Additional information on the Scheme Conditions is set out in **paragraph 7.1** of the Explanatory Statement in the Scheme Document. The Scheme Conditions are reproduced in **Appendix 7** to the Scheme Document.

2.3 **Switch Option.** Pursuant to the terms of the Implementation Agreement, subject to prior consultation with the SIC, in the event that a Competing Offer arises or an intention to make a Competing Offer is announced (whether or not such Competing Offer is pre-conditional), the Offeror shall have the right at its sole discretion to elect to proceed by way of a voluntary conditional cash offer made for or on behalf of the Offeror to acquire all the Shares at the Offer Price (as defined below) and on such other terms and conditions to be set out in the offer document (the “**Offer Document**”) issued for or on behalf of the Offeror (the “**Offer**”) in lieu of proceeding with the Acquisition by way of the Scheme (the “**Switch Option**”).

If the Offeror exercises the Switch Option, it will make the Offer on the same or better terms as those which apply to the Scheme, including the same or a higher consideration than the Scheme Consideration for each Share, and conditional upon a level of acceptances of the Shares to which the Offer relates set at only more than 50 per cent. of the Shares to which the Offer relates (and not conditional on a higher threshold). In such event, the Company and the Offeror have agreed

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

that the Implementation Agreement (save for certain surviving provisions such as those relating to remedies, confidentiality, costs and expenses and governing law) shall terminate with effect from the date of announcement by or on behalf of the Offeror of a firm intention to make the Offer and neither Party shall have any claim against the other Party under it, save for any claim arising from any antecedent breach of the provisions of the Implementation Agreement or any breach of any obligation contained under the surviving provisions.

2.4 **Effect of Termination.** The Implementation Agreement provides that the Implementation Agreement may be terminated in certain circumstances (see **paragraph 7.3** of the Explanatory Statement for a list of these circumstances). In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement:

2.4.1 the Implementation Agreement shall cease to have any further force or effect (save for certain surviving provisions such as those relating to remedies, confidentiality, costs and expenses and governing law); and

2.4.2 such termination shall not prejudice the rights of either Party which may have accrued or arisen prior to such termination, including any claim in respect of a breach of the provisions of the Implementation Agreement (other than a claim relating to the Company's obligations to use reasonable endeavours to undertake certain pre-closing matters which are not Scheme Conditions).

3. IRREVOCABLE UNDERTAKINGS

3.1 **Deeds of Undertaking.** Each of Harmony, Univac and CKW (collectively, the “**Undertaking Shareholders**”) together holding approximately 75.48 per cent. of all of the Shares, and in the case of Harmony, its shareholders (being FMT and TCK) (together with the Undertaking Shareholders, the “**Undertaking Parties**”) has given an irrevocable undertaking to the Offeror (the “**Deeds of Undertaking**”) to, *inter alia*:

3.1.1 vote, or procure the voting of, all of its respective Shares (the “**Relevant Shares**”) in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at the meeting of Shareholders to be convened pursuant to the order of the High Court of the Republic of Singapore to approve the Scheme including any adjournment thereof (the “**Scheme Meeting**”);

3.1.2 vote against and reject any and all resolutions or proposals in relation to a Competing Offer by a third party (subject to, in the case of FMT, TCK and CKW only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein);

3.1.3 (in the event that the Offeror exercises the Switch Option in accordance with **paragraph 2.3** of this Letter) accept, or procure the acceptance of, the Offer in respect of all of the Relevant Shares in accordance with the procedure for acceptance as prescribed in the Offer Document within a prescribed period from the date on which the Offeror despatches the Offer Document to the Shareholders and, notwithstanding the provisions of the Code or any terms of the Offer regarding withdrawal, not withdraw, and procure no withdrawal of, such acceptance(s);

3.1.4 comply with certain “no-shop” and “no-talk” obligations (subject to, in the case of FMT, TCK and CKW only, each of their fiduciary duties as a director of the Company or any Group Company and their obligations pursuant to applicable law and/or regulation (including under the Code) solely in their capacity thereof, and not, for the avoidance of doubt, in their capacity as direct or indirect holders of any Relevant Shares or in respect of any deemed interest therein); and

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 3.1.5 in the case of Harmony and TCK in his capacity as a majority owner of Harmony, comply with certain non-solicitation and non-compete undertakings in relation to the business and employees of the Group (as defined below) with effect from completion of the Acquisition.

On and subject to the terms of the Deeds of Undertaking, the Undertaking Parties have irrevocably and unconditionally agreed to not, directly or indirectly, accept any Competing Offer or any other offer for all or any of the Relevant Shares, whether or not such other Competing Offer or other offer is at a higher price than the Scheme Consideration and/or on terms more favourable than the Scheme.

Please refer to **paragraph 4** of the Explanatory Statement in the Scheme Document for further details of the Deeds of Undertaking.

- 3.2 Details of the Shares held by the Undertaking Shareholders as at the Latest Practicable Date are set out below:

No.	Name of Undertaking Shareholder	Number of Shares Owned	Percentage Shareholding ⁽¹⁾
1.	Harmony	31,257,133	56.06%
2.	Univac	10,466,666	18.77%
3.	CKW	360,000	0.65%
	Total	42,083,799	75.48%

Note(s):

- (1) Based on 55,760,986 Shares as at the Latest Practicable Date.

- 3.3 **Termination.** The Deeds of Undertaking will terminate on the earliest of any of the following dates:

- 3.3.1 the date falling seven (7) months from the date of the Implementation Agreement;
- 3.3.2 if the Implementation Agreement is not terminated, the Effective Date; or
- 3.3.3 if the Implementation Agreement lapses or is terminated, the earliest of:
- (a) the date on which the Implementation Agreement lapses or is terminated for any reason without the Scheme becoming effective (other than as a result of the Switch Option being exercised by the Offeror or a breach by an Undertaking Party of any of its obligations under the relevant Deed of Undertaking), if the Switch Option is not exercised by the Offeror;
 - (b) the date the Offer lapses or is withdrawn without having become unconditional in all respects, if the Switch Option is exercised by the Offeror;
 - (c) the date on which the Offer becomes or is declared unconditional in all respects, if the Switch Option is exercised by the Offeror and the Offer does not lapse or is not withdrawn for any reason; and
 - (d) the date on which the Relevant Shares are tendered in acceptance of the Offer, if the Switch Option is exercised by the Offeror.

- 3.4 **SIC Confirmation.** Pursuant to an application made by the Offeror to the SIC to seek certain rulings in relation to the Acquisition and the Scheme, the SIC has confirmed that the Undertaking Shareholders, to the extent they hold Shares as at the date of the Scheme Meeting, are allowed to attend and vote on the Scheme at the Scheme Meeting.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

4. DELISTING

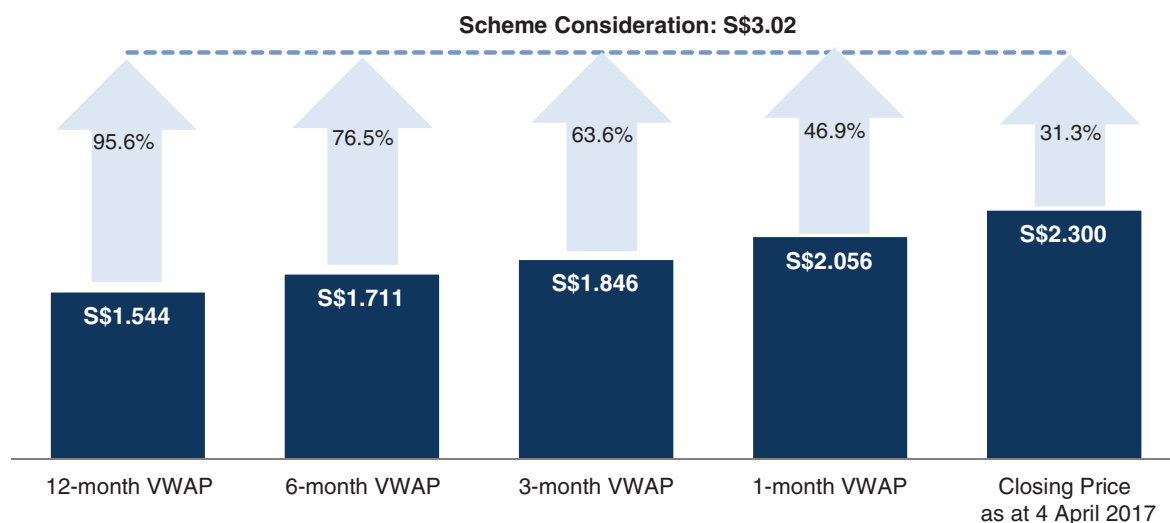
- 4.1 Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and consequently will not be able to meet the listing requirements of the SGX-ST.
- 4.2 An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST had, on 23 August 2017, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:
- 4.2.1 an immediate announcement of the SGX-ST's no objection to the delisting;
 - 4.2.2 approval of the Scheme by a majority in number of Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Shares voted at the Scheme Meeting; and
 - 4.2.3 approval of the Court being obtained for the Scheme.
- 4.3 The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

Shareholders should note that by voting in favour of the Scheme, the Shares will be delisted from the official list of the SGX-ST if the Scheme becomes effective and binding in accordance with its terms.

5. RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

- 5.1 **Rationale.** The Acquisition represents an opportunity for the Offeror to acquire a complementary business in the same plastic precision engineering industry that reinforces Platinum's existing geographic footprint and revenue base across diverse end-markets.
- 5.2 **Opportunity for Shareholders to Realise their Investment at an Attractive Valuation without Incurring Brokerage Fees.**

The Scheme Consideration represents a premium of approximately 31.3 per cent. over the Company's closing share price of S\$2.300 as at 4 April 2017, being the last trading day immediately prior to the date on which the Company released a holding announcement in respect of a possible transaction (the "**Holding Announcement Date**"), and a premium of 95.6 per cent., 76.5 per cent., 63.6 per cent., and 46.9 per cent. over the VWAP of the Shares over the 12, 6, 3 and 1-month periods, respectively, up to and including 4 April 2017.

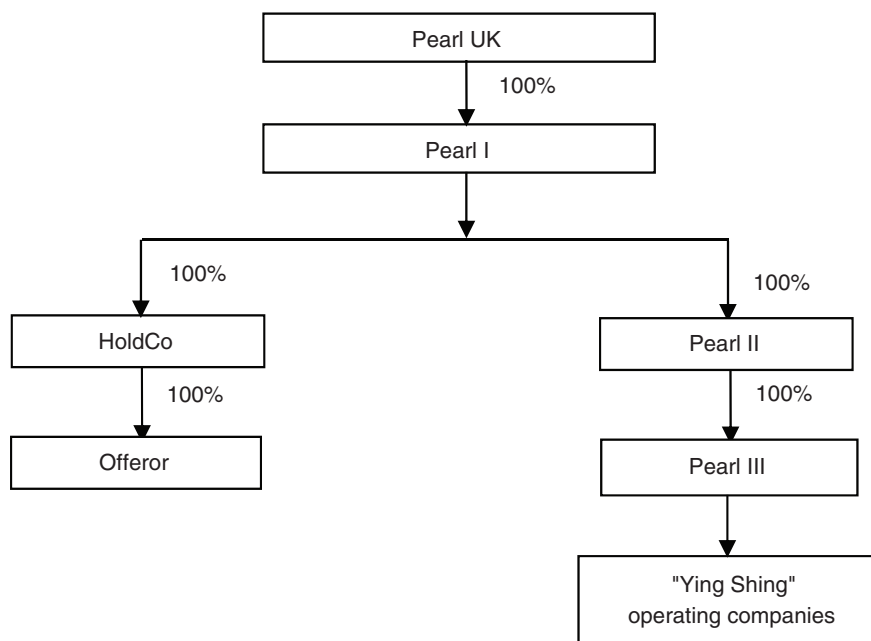


Please refer to **paragraph 6** below for further details on the financial evaluation of the Scheme Consideration.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 5.3 **Future Plans.** Following completion of the Acquisition, it is intended that the Offeror will merge with Pearl Holding III Limited ("**Pearl III**"), following which the merged entity will be an indirect wholly-owned subsidiary of Project Pearl Holding Limited ("**Pearl UK**") and a member of the Pearl Group (as defined in **paragraph 14.1** below).

As at the Latest Practicable Date, all of the shares in Pearl III are owned by Pearl Holding II Limited ("**Pearl II**"), a wholly-owned subsidiary of Pearl Holding I Limited ("**Pearl I**"), which is in turn wholly-owned by Pearl UK. A shareholding chart setting out the relationship among the Offeror, HoldCo (as defined in **paragraph 9.4** below), Pearl UK, Pearl I, Pearl II and Pearl III is set out below.



Further details of the Pearl Group (as defined below) and the members thereof are set out in **paragraphs 11 to 14** of this Letter.

The directors of the Offeror retain the flexibility at any time to consider any options and commercial and operational opportunities which may present themselves and which they may regard to be in the interests of the Offeror. Save as set out in this **paragraph 5.3**, the Offeror currently has no intention of (a) making material changes to the existing businesses, (b) re-deploying the fixed assets, or (c) discontinuing the employment of the existing employees of the Group, subject to commercial and operational considerations including with respect to any synergies that may be realised through such merger.

6. FINANCIAL EVALUATION OF THE SCHEME CONSIDERATION

The figures set out in this **paragraph 6** are based on data extracted from Bloomberg L.P. after the close of trade on 4 April 2017 and/or the Latest Practicable Date.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

The implied premium of the Scheme Consideration over the relevant closing prices and VWAP of the Company is as follows:

	Share Price ⁽⁴⁾ (S\$)	Premium to Share Price (%)
12-month VWAP ⁽¹⁾ to 4 April 2017 ⁽²⁾	1.544	95.6%
6-month VWAP ⁽¹⁾ to 4 April 2017 ⁽²⁾	1.711	76.5%
3-month VWAP ⁽¹⁾ to 4 April 2017 ⁽²⁾	1.846	63.6%
1-month VWAP ⁽¹⁾ to 4 April 2017 ⁽²⁾	2.056	46.9%
Closing price on 4 April 2017 ⁽²⁾	2.300	31.3%
Closing price on 27 July 2017 ⁽³⁾	2.700	11.9%
Closing price on Latest Practicable Date ⁽⁵⁾	2.970	1.70%

Notes:

- (1) VWAP is calculated as the total traded value of the Shares divided by the total volume of Shares traded, based on data extracted from Bloomberg L.P.
- (2) Being the last trading day immediately prior to the Holding Announcement Date.
- (3) Being the Joint Announcement Date.
- (4) Based on data extracted from Bloomberg L.P. which shows prices adjusted to reflect any changes in the share capital of the Company. Rounded to the nearest three decimal places.
- (5) Closing price as at 11 September 2017 based on data extracted from Bloomberg L.P. due to lack of trading activity for 12, 13 and 14 September 2017.

7. INFORMATION RELATING TO THE COMPANY

7.1 **The Company.** The Company was incorporated in Singapore on 28 June 1994 and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 4 July 2001. The Group is engaged in the business of manufacturing precision plastic injection moulds, high precision injection moulding, laser marking and decorative finishing for engineering components for the automotive, computer peripherals, healthcare and consumer product industries, with a presence in Singapore, China, Thailand and Malaysia.

7.2 **Directors of the Company.** As at the Latest Practicable Date, the board of directors of the Company comprises the following:

- 7.2.1 Mr. Foo Meng Tong (Non-Executive Chairman);
- 7.2.2 Mr. Tan Choon King (President and Chief Executive Officer);
- 7.2.3 Mr. Chan Kok Wai, Peter (Executive Director);
- 7.2.4 Mr. Ng Boon Yew (Independent Director);
- 7.2.5 Mr. Moy Kok Leng, James (Independent Director); and
- 7.2.6 Mr. Leong Hong Kiat, Amos (Non-Executive Director).

7.3 **Share Capital of the Company.** As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$57,835,594.01, comprising 55,760,986 Shares.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 7.4 **Material Changes in the Financial Position of the Company.** Save for the information of the Company which is publicly available (including, without limitation, the audited consolidated financial statements of the Group for the financial year ended 31 March 2017 and announcements which are released by the Company on the SGXNET) and save as disclosed in this Scheme Document, there has not been, to the knowledge of the Offeror, any material change in the financial position or prospects of the Group since 31 March 2017, being the date of the last balance sheet laid before the Shareholders in a general meeting.
- 7.5 **Transfer Restrictions.** The Memorandum and Articles of Association of the Company do not contain any restrictions on the right to transfer the Shares in connection with the Acquisition or the Scheme.
- 7.6 **Additional Information.** Additional information relating to the Company is set out in **Appendix 3** to the Scheme Document.

8. INFORMATION RELATING TO PLATINUM

- 8.1 Founded in 1995 by Tom Gores, Platinum is a global investment firm with US\$13 billion of assets under management and a portfolio of approximately 30 operating companies that serve customers around the world. Platinum specializes in mergers and operations – a trademarked strategy it calls M&A&O® – acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries. Over the past 22 years, Platinum has completed more than 190 acquisitions. In 2016, Platinum's portfolio companies generated more than US\$19 billion of revenue.

9. INFORMATION RELATING TO THE OFFEROR

- 9.1 **Principal Activities of the Offeror.** The Offeror is a special purpose company incorporated in the Cayman Islands for the purpose of the Acquisition. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.
- 9.2 **Directors of the Offeror.** The names, descriptions and addresses of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Designation
Mr. Soo Jin Goh	#21-05 Asia Square Tower 2 12 Marina View Singapore 018961	Director
Ms. Eva M Kalawski	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director
Ms. Mary Ann Sigler	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director

- 9.3 **Share Capital of the Offeror.** As at the Latest Practicable Date:

- 9.3.1 the authorised share capital of the Offeror is US\$50,000, divided into 5,000,000 ordinary shares of a par value of US\$0.01 each; and
- 9.3.2 the issued share capital of the Offeror is US\$0.01 comprising 1 ordinary share with a par value of US\$0.01.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 9.4 **Shareholding in the Offeror.** As at the Latest Practicable Date, the sole shareholder of the Offeror is FT Holding I Limited (“HoldCo”) (see **paragraph 10** of this Letter below for further details on HoldCo).
- 9.5 **Financial Information on the Offeror.** As the Offeror was newly incorporated on 20 June 2017 for the purpose of the Acquisition, no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date for inclusion in this Letter, and accordingly, there are no significant accounting policies to be noted.
- 9.6 **Material Changes in the Financial Position of the Offeror.** Save as disclosed in this Scheme Document and in relation to and in connection with the Acquisition and the Scheme (including financing arrangements for the Acquisition and the Scheme and the costs and expenses incurred or to be incurred in connection with the Acquisition and the Scheme), there has been no known material change in the financial position of the Offeror since its incorporation.

10. INFORMATION RELATING TO HOLDCO

- 10.1 **Principal Activities of HoldCo.** As at the Latest Practicable Date, the Offeror is wholly-owned by HoldCo. HoldCo is a special purpose company incorporated in the Cayman Islands for the purpose of the Acquisition. HoldCo has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.
- 10.2 **Directors of HoldCo.** The names, descriptions and addresses of the directors of HoldCo as at the Latest Practicable Date are as follows:

Name	Address	Designation
Mr. Soo Jin Goh	#21-05 Asia Square Tower 2 12 Marina View Singapore 018961	Director
Ms. Eva M Kalawski	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director
Ms. Mary Ann Sigler	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director

- 10.3 **Share Capital of HoldCo.** As at the Latest Practicable Date:
- 10.3.1 the authorised share capital of HoldCo is US\$50,000, divided into 5,000,000 ordinary shares of a par value of US\$0.01 each; and
- 10.3.2 the issued share capital of HoldCo is US\$0.01 comprising 1 ordinary share with a par value of US\$0.01.
- 10.4 **Shareholding in HoldCo.** As at the Latest Practicable Date, the sole shareholder of HoldCo is Pearl I, which is in turn wholly-owned by Pearl UK (see **paragraph 13** of this Letter below for details on Pearl UK).
- 10.5 **Financial Information on HoldCo.** As HoldCo was newly incorporated on 20 June 2017 for the purpose of the Acquisition, no audited or unaudited financial statements of HoldCo have been prepared as at the Latest Practicable Date for inclusion in this Letter, and accordingly, there are no significant accounting policies to be noted.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 10.6 **Material Changes in the Financial Position of HoldCo.** Save as disclosed in this Scheme Document and save in relation to and in connection with the Acquisition and the Scheme (including financing arrangements for the Acquisition and the Scheme and the costs and expenses incurred or to be incurred in connection with the Acquisition and the Scheme), there has been no known material change in the financial position of HoldCo since its incorporation.

11. INFORMATION RELATING TO PEARL I

- 11.1 **Principal Activities of Pearl I.** Pearl I is a company incorporated in the Cayman Islands, whose principal activity is that of an investment holding company. It is not conducting, and has never conducted, any business or trade.
- 11.2 **Directors of Pearl I.** The names, descriptions and addresses of the directors of Pearl I as at the Latest Practicable Date are as follows:

Name	Address	Designation
Ms. Eva M Kalawski	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director
Ms. Mary Ann Sigler	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director

- 11.3 **Share Capital of Pearl I.** As at the Latest Practicable Date, the issued share capital of Pearl I is US\$300.01, divided into 30,001 preference shares of a par value of US\$0.01 each.
- 11.4 **Shareholding in Pearl I.** As at the Latest Practicable Date, all of the shares in Pearl I are owned by Pearl UK.
- 11.5 **Financial Information on Pearl I.** As stated above, Pearl I is not conducting, and has never conducted, any business or trade. Other than its ownership of all of the shares in Pearl II, Pearl I does not own, and has never owned, any assets. Pearl I does not prepare consolidated financial statements (whether audited or unaudited). Please see **paragraph 14** of this Letter for details relating to consolidated financial and other information on Pearl III and its subsidiaries. Pearl III is an indirect wholly-owned subsidiary of Pearl I.
- 11.6 **Material Changes in the Financial Position of Pearl I.** As stated above, Pearl I is not conducting, and has never conducted, any business or trade. Other than its ownership of all of the shares in Pearl II, Pearl I does not own, and has never owned, any assets. Pearl I does not prepare consolidated financial statements (whether audited or unaudited). Please see **paragraph 14** of this Letter for details relating to consolidated financial and other information on Pearl III and its subsidiaries. Pearl III is an indirect wholly-owned subsidiary of Pearl I.

12. INFORMATION RELATING TO PEARL II

- 12.1 **Principal Activities of Pearl II.** Pearl II is a company incorporated in the Cayman Islands, whose principal activity is that of an investment holding company. It is not conducting, and has never conducted, any business or trade.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 12.2 **Directors of Pearl II.** The names, descriptions and addresses of the directors of Pearl II as at the Latest Practicable Date are as follows:

Name	Address	Designation
Ms. Eva M Kalawski	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director
Ms. Mary Ann Sigler	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director

- 12.3 **Share Capital of Pearl II.** As at the Latest Practicable Date, the issued share capital of Pearl II is US\$300.01, divided into 30,001 ordinary shares of a par value of US\$0.01 each.

- 12.4 **Shareholding in Pearl II.** As at the Latest Practicable Date, all of the shares in Pearl II are owned by Pearl I.

- 12.5 **Financial Information on Pearl II.** As stated above, Pearl II is not conducting, and has never conducted, any business or trade. Other than its ownership of all of the shares in Pearl III, Pearl II does not own, and has never owned, any assets. Pearl II does not prepare consolidated financial statements (whether audited or unaudited). Please see **paragraph 14** of this Letter for details relating to consolidated financial and other information on Pearl III and its subsidiaries. Pearl III is a direct wholly-owned subsidiary of Pearl II.

- 12.6 **Material Changes in the Financial Position of Pearl II.** As stated above, Pearl II is not conducting, and has never conducted, any business or trade. Other than its ownership of all of the shares in Pearl III, Pearl II does not own, and has never owned, any assets. Pearl II does not prepare consolidated financial statements (whether audited or unaudited). Please see **paragraph 14** of this Letter for details relating to consolidated financial and other information on Pearl III and its subsidiaries. Pearl III is a direct wholly-owned subsidiary of Pearl II.

13. INFORMATION RELATING TO PEARL UK

- 13.1 **Principal Activities of Pearl UK.** Pearl UK is a company incorporated in the United Kingdom, whose principal activity is that of an investment holding company. It is not conducting, and has never conducted, any business or trade.

- 13.2 **Directors of Pearl UK.** The names, descriptions and addresses of the directors of Pearl UK as at the Latest Practicable Date are as follows:

Name	Address	Designation
Ms. Eva M Kalawski	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director
Ms. Mary Ann Sigler	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director
Mr. Ian Downie	Beech Hill, Easton, Winchester, United Kingdom, SO21 1ED	Director

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 13.3 **Share Capital of Pearl UK.** As at the Latest Practicable Date, the issued share capital of Pearl UK is GBP100,100.00001, divided into 10,010,000,001 ordinary shares.
- 13.4 **Shareholding in Pearl UK.** As at the Latest Practicable Date, all of the shares in Pearl UK are owned by investment funds and entities affiliated with and advised by Platinum.
- 13.5 **Financial Information on Pearl UK.** As stated above, Pearl UK is not conducting, and has never conducted, any business or trade. Other than its ownership of all of the shares in Pearl I, Pearl UK does not own, and has never owned, any assets. Pearl UK does not prepare consolidated financial statements (whether audited or unaudited). Please see **paragraph 14** of this Letter for details relating to consolidated financial and other information on Pearl III and its subsidiaries. Pearl III is an indirect wholly-owned subsidiary of Pearl UK.
- 13.6 **Material Changes in the Financial Position of Pearl UK.** As stated above, Pearl UK is not conducting, and has never conducted, any business or trade. Other than its ownership of all of the shares in Pearl I, Pearl UK does not own, and has never owned, any assets. Pearl UK does not prepare consolidated financial statements (whether audited or unaudited). Please see **paragraph 14** of this Letter for details relating to consolidated financial and other information on Pearl III and its subsidiaries. Pearl III is an indirect wholly-owned subsidiary of Pearl UK.

14. INFORMATION RELATING TO PEARL III

- 14.1 **Principal Activities of Pearl III.** Pearl III is a company incorporated in the Cayman Islands, whose principal activity is that of an investment holding company. It is not conducting, and has never conducted, any business or trade. The subsidiaries of Pearl III, which include Ying Shing Enterprises Limited, are operating companies engaged in the business of providing customised manufacturing of high volume plastic injection moulded and insert-moulded components for consumer, automotive, industrial and other end-markets. Collectively, Pearl UK, Pearl I, Pearl II, Pearl III and the subsidiaries of Pearl III (the “**Pearl Group**”) has differentiated capabilities in designing and manufacturing plastic injection moulds for customers globally.
- 14.2 **Directors of Pearl III.** The names, descriptions and addresses of the directors of Pearl III as at the Latest Practicable Date are as follows:

Name	Address	Designation
Ms. Eva M Kalawski	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director
Ms. Mary Ann Sigler	360 N. Crescent Drive, South Building, Beverly Hills, CA 90210, United States of America	Director

- 14.3 **Share Capital of Pearl III.** As at the Latest Practicable Date, the issued share capital of Pearl III is US\$300.01, divided into 30,001 ordinary shares of a par value of US\$0.01 each.
- 14.4 **Shareholding in Pearl III.** As at the Latest Practicable Date, all of the shares in Pearl III are owned by Pearl II.
- 14.5 **Financial Information on Pearl III and the Pearl Group.** As mentioned above, Pearl UK, Pearl I and Pearl II do not prepare consolidated financial statements (whether audited or unaudited). Pearl III was incorporated on 11 March 2015 and has prepared audited consolidated financial statements for the financial period from the date of its incorporation through 31 December 2015 (“**FY2015**”) and for the financial year ended 31 December 2016 (“**FY2016**”). Set out below is certain financial

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

information extracted from the audited consolidated financial statements of Pearl III for FY2015 and FY2016. The audited financial statements of Pearl III for FY2015 and FY2016 are available for inspection at the registered office of the Company at 3 Ang Mo Kio Street 62, #02-08 LINK@AMK, Singapore 569139 from the date of the Scheme Document up to the Effective Date.

14.5.1 Income Statements

	FY2015 (audited) (in HK\$'000)	FY2016 (audited) (in HK\$'000)
Turnover	628,802	776,762
Exceptional items	(49,318)	–
Net profit before tax	(4,223)	63,273
Net profit after tax	(20,777)	42,787
Minority interest	–	–
Net earnings per share (in HK\$)	(0.69)	1.43
Net dividends per share	–	–

14.5.2 Statement of Assets and Liabilities as at 31 December 2016

	FY2016 (audited) (in HK\$'000)
<u>Assets</u>	
Non-current assets	328,959
Current assets	566,042
Total assets	895,001
<u>Liabilities and Equity</u>	
Non-current liabilities	368,307
Current liabilities	305,931
Shareholders' equity	220,763
Total liabilities and equity	895,001

- 14.6 **Material Changes in the Financial Position of Pearl III and the Pearl Group.** Save as disclosed in this Scheme Document, there has been no known material change in the financial position of the Pearl Group taken as a whole since 31 December 2016, being the date of the last published accounts of Pearl III.
- 14.7 **Notes to the FY2016 Financial Statements and Significant Accounting Policies.** The notes to the audited consolidated financial statements of Pearl III for FY2016 and the significant accounting policies of Pearl III for the audited financial statements of Pearl III for FY2016 are reproduced in the Schedule to this Letter.
- 14.8 **Changes in Accounting Policies.** There have been no significant changes in the accounting policies of Pearl III since 31 December 2016, being the date of the last published audited accounts of Pearl III, which will cause the figures disclosed in this Letter not to be comparable to a material extent.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

15. NO SPECIAL ARRANGEMENTS

- 15.1 **No Agreement having any Connection with or Dependence upon the Scheme.** Save for (a) the Implementation Agreement, (b) the Deeds of Undertaking and (c) the financing agreements in relation to the financing of the Acquisition and the Scheme, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror or any party acting in concert with it and (ii) any of the current or recent directors of the Company or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon, the Scheme or its outcome.
- 15.2 **No Transfer of Shares.** Save as disclosed in this **paragraph 15.2**, as at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person. However, the Offeror reserves the right to direct or transfer any of the Shares to any of its related corporations and as contemplated under **paragraph 5.3** of this Letter.

The Shares acquired by the Offeror pursuant to the Acquisition will be charged in favour of the security agent of the financing arrangements for the Acquisition as security for, *inter alia*, such financing arrangements.

- 15.3 **No Payment or Benefit to Directors of the Company.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or of any of its related corporations (within the meaning of Section 6 of the Companies Act) as compensation for loss of office or otherwise in connection with the Scheme.

16. DISCLOSURE OF INTERESTS

- 16.1 As at the Latest Practicable Date:

- 16.1.1 none of the Offeror, its directors or parties acting in concert with it owns, controls or has agreed (other than pursuant to the Implementation Agreement) to acquire any Company Securities;
- 16.1.2 (a) none of the Offeror, its directors and parties acting in concert with it; and (b) save as disclosed in the Scheme Document, to the Offeror's knowledge after making reasonable enquiries, none of the Undertaking Parties, has dealt for value in the Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date;
- 16.1.3 save for the Deeds of Undertaking, no person has given any irrevocable undertaking to the Offeror or its concert parties to vote in favour of the Scheme at the Scheme Meeting;
- 16.1.4 neither the Offeror nor any party acting in concert with it has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities; and
- 16.1.5 save as disclosed in **paragraph 15.2** of this Letter, neither the Offeror nor any party acting in concert with it has (a) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise; (b) borrowed from another person any Company Securities (excluding borrowed securities which have been on-lent or sold); or (c) lent to another person any Company Securities.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

- 16.2 Save as disclosed in the Scheme Document and save for information relating to the Offeror, the Acquisition and the Scheme that is publicly available, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

17. FINANCIAL ADVISERS AND CONFIRMATION OF FINANCIAL RESOURCES

- 17.1 Goldman Sachs (Singapore) Pte. is the financial adviser to the Offeror (the “**Offeror Financial Adviser**”) in respect of the Acquisition and the Scheme.
- 17.2 The Offeror Financial Adviser confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Shares to be acquired by the Offeror pursuant to the Scheme.

18. CONSENT

The Offeror Financial Adviser has given and has not withdrawn its written consent to the issue of this Letter with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Letter.

19. SETTLEMENT

Paragraphs 10 to 12 of the Explanatory Statement set out details of the procedures for the implementation of the Scheme and the settlement and registration procedures.

20. MARKET QUOTATIONS

- 20.1 **Transacted Prices.** The highest, lowest (on the daily closing prices for the monthly market data) and last closing prices and transacted volume of the Shares on the SGX-ST on a monthly basis from January 2017 (being six (6) calendar months preceding the Joint Announcement Date) to the Latest Practicable Date, as reported in Bloomberg L.P., are set out below:

Monthly Trades	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Closing Price (S\$)	Transacted Volume of the Shares (‘000)
1 September 2017 to the Latest Practicable Date ⁽¹⁾	2.980	2.970	2.970	66
August 2017	3.010	2.940	2.980	1,445
July 2017	3.020	2.570	3.020	775
June 2017	2.680	2.560	2.660	376
May 2017	2.690	2.450	2.500	583
April 2017	2.470	2.080	2.450	1,236
March 2017	2.020	1.890	2.010	558
February 2017	1.930	1.540	1.930	596
January 2017	1.490	1.425	1.480	284

Note(s):

- (1) Closing price as at 11 September 2017 based on data extracted from Bloomberg L.P. due to lack of trading activity for 12, 13 and 14 September 2017.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

20.2 **Highest and Lowest Prices.** During the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date, the highest closing price was S\$3.020 per Share, transacted on 31 July 2017, and the lowest closing price was S\$1.480 per Share, transacted on 31 January 2017.

20.3 **Closing Prices.** The closing price on:

20.3.1 27 July 2017, being the last full trading day immediately prior to the Joint Announcement Date, was S\$2.700 per Share; and

20.3.2 the Latest Practicable Date, was S\$2.970 per Share.

21. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the registered office of the Company at 3 Ang Mo Kio Street 62, #02-08 LINK@AMK, Singapore 569139 from the date of the Scheme Document up to the Effective Date:

21.1.1 the Implementation Agreement;

21.1.2 the Deeds of Undertaking;

21.1.3 the letter of consent referred to in **paragraph 18** above; and

21.1.4 the audited consolidated financial statements of Pearl III for FY2015 and FY2016 referred to in **paragraph 14.5** above.

22. RESPONSIBILITY STATEMENT

The directors of each of the Offeror and HoldCo (including any who may have delegated detailed supervision of the preparation of this Letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Letter (excluding information relating to the Company or any opinion expressed by the Company, the IFA or the Offeror Financial Adviser) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Letter, and the directors of each of the Offeror and HoldCo jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of each of the Offeror and HoldCo has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Letter. The directors of each of the Offeror and HoldCo do not accept any responsibility for any information relating to or any opinion expressed by the Company, the IFA or the Offeror Financial Adviser.

Yours faithfully
For and on behalf of
FT HOLDING II LIMITED

Soo Jin Goh
Director

SCHEDULE**Notes to the FY2016 Audited Consolidated Financial Statements of Pearl III and Significant Accounting Policies****PEARL HOLDING III LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1 General information**

Pearl Holding III Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and selling of plastic injection moulds and related products in Hong Kong and the People’s Republic of China (the “PRC”).

The Company is a limited company incorporated in the Cayman Islands. During the year, the address of its registered office and principal place of business is changed from 190 Elgin Avenue, George Town, GC, KY1-9005, Cayman Islands to Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

The Company is a wholly owned subsidiary of Pearl Holding II Limited, a company incorporated in the Cayman Islands. The directors regard Project Pearl Holding Limited, a private company incorporated in the United Kingdom, as being the ultimate holding company.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout the period and year presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared under the historical cost convention.

The comparative amounts for the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and the related explanatory information are not for a comparative period.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout the period and year presented, unless otherwise stated.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standard and amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

IAS 1 (Amendment)	Disclosure Initiative: Presentation of Financial Statements
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exemption
IFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	Annual Improvements 2012-2014 Cycle (amendments)

The adoption of these new and revised standards did not result in substantial changes to the accounting policies and financial statements of the Group in the current year.

(b) New standards and interpretations not yet adopted by the Group

The following new standards and amendments to standards are relevant to the Group's operation but are not effective for the Group's financial year beginning on 1 January 2016 and have not been early adopted in these financial statements:

		Effective for annual periods beginning on or after
IAS 7 (Amendment)	Statement of Cash Flows	1 January 2017
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

The Group has already commenced an assessment of the impact of these new standards and amendments to the existing standards, but is not yet in a position to state whether these new standards and amendments would have a significant impact on its results of operation and finance position.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in HK dollars (HK\$), which is also the Company's functional currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other income, net". Translation differences on non-monetary financial assets are included in other comprehensive income.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.4 Machinery and equipment

Machinery and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation of machinery and equipment is calculated using the straight-line method to allocate their costs to their residual values over estimated useful lives as follows:

– Moulds and equipment	5 - 10 years
– Motor vehicles	2 - 7 years
– Office equipment	2 - 5 years
– Leasehold improvements	5 years, or over lease term, whichever is the shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income, net" in the consolidated statement of comprehensive income.

2.5 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of CGU containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

PEARL HOLDING III LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2 Summary of significant accounting policies (Continued)****2.5 Intangible assets (Continued)****Trademarks**

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks over their estimated useful lives of 12 years.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the customer relationships over their estimated useful lives of 5 years.

Non-compete agreements

Non-compete agreements acquired in a business combination are recognised at fair value at the acquisition date. Non-compete agreements have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the non-compete agreements over their estimated useful lives of 5 years.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. They have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate their costs over their estimated useful life of not exceeding ten years.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets**2.7.1 Classification**

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.7 Financial assets (Continued)

2.7.1 Classification (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and 'cash and cash equivalents' in the consolidated statement of financial position.

2.7.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.9 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks.

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, and the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

PEARL HOLDING III LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2 Summary of significant accounting policies (Continued)****2.16 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*(b) Deferred income tax*Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.17 Employee benefits

(a) Pension obligations

Group companies participate in defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered trust funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the consolidated statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

PEARL HOLDING III LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****2 Summary of significant accounting policies (Continued)****2.19 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Sales of goods

The Group manufactures and sells a range of moulds products. Revenue from sales of goods is recognised when the Group has delivered the products to external customers in accordance with the terms as set out in contractual arrangements with the customers. Revenue from sales of moulds for mechanical parts is recognised when the mould items have fulfilled customers' product specifications and have been accepted by the external customers. Customer deposits received in advance are deferred until the appropriate recognition criteria has been met.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk from various currency exposures, primarily with respect to Chinese Renminbi ("RMB") and United States dollars ("US\$"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Since HK\$ and US\$ are pegged, the Group's exposure to US\$ is considered not significant.

At 31 December 2016, if HK\$ had strengthened/weakened by 1% against RMB with all other variables unchanged, the Group's profit before tax would have been approximately HK\$801,000 higher/lower (2015: loss before tax would have been approximately HK\$1,146,000 lower/higher), mainly as a result of foreign exchange gains or losses on translation of RMB denominated trade and other receivables, bank balances, trade and other payables and bank borrowings.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk mainly arising from bank deposits bearing interest at floating rates. The Group is exposed to fair value interest rate risk arising from bank loans bearing interest at floating rates. The Group will review whether bank loans bearing floating rates should be drawn from time to time with reference to the trend of changes in interest rates.

At 31 December 2016, if interest rates on interest-bearing net financial liabilities amounting to HK\$333,325,000 (2015: HK\$270,630,000) had been 100 basis points higher or lower with all other variables held constant, profit before tax would have been HK\$3,333,000 lower/higher (2015: loss before tax would have been HK\$2,706,000 higher/lower).

(b) Credit risk

The Group has credit risks arising from trade and other receivables and bank deposits. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

Majority of the Group's bank deposits are placed in those banks and financial institutions which are independently rated with a high credit rating. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

For trade and other receivables, the Group has policies in place to ensure that services are rendered to customers with appropriate credit histories. The Group has policies to assess the credit quality of the customers, taking into account its financial position, past experience and other factors. Management is of opinion that, except for the impaired receivables as disclosed in Note 14, these balances are of low credit risk as there has been no significant history of defaults by these counterparties.

(c) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

As at 31 December 2016, cash and cash equivalents totaling HK\$33,688,000 (2015: HK\$6,512,000) were maintained by the subsidiaries of the Company in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restriction imposed by the PRC government.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year or repayable on demand HK\$'000	Between 1 and 5 years HK\$'000	Total HK\$'000
At 31 December 2016			
Trade payables	123,899	-	123,899
Accruals and other payables	37,019	-	37,019
Bank borrowings, including interest payable	88,743	397,210	485,953
	<u>249,661</u>	<u>397,210</u>	<u>646,871</u>
At 31 December 2015			
Trade payables	95,574	-	95,574
Accruals and other payables	100,370	-	100,370
Bank borrowings, including interest payable	66,588	406,477	473,065
Amount due to a related company	15,500	-	15,500
	<u>278,032</u>	<u>406,477</u>	<u>684,509</u>

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

3.2 Capital management

The Group regards its total equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts.

3.3 Fair value estimation

The carrying amounts of the following financial assets and financial liabilities approximate their fair values as all of them are short-term in nature: cash and bank balances, trade and other receivables, trade and other payables, current portion of bank borrowings and amount due to a related company.

3.4 Offsetting financial assets and financial liabilities

No disclosure of the offsetting of financial assets and financial liabilities is made as there are no netting arrangements in place during the period.

4 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax in the period in which such determination is made.

(b) Useful lives of machinery and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its machinery and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from use of these assets. This estimate is based on the historical experience of the actual useful lives of machinery and equipment of similar nature and functions. Management will adjust the depreciation charge where useful lives or residual values are different from previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

PEARL HOLDING III LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****4 Critical accounting estimates and assumptions (Continued)***(c) Estimated write-downs of inventories to net realisable value*

The Group writes down inventories to net realisable value based on the consideration of obsolescence of raw material and the assessment of the net realisable value of finished goods. The identification of inventory obsolescence and estimated selling price in the ordinary course of business requires the use of judgement and estimates. Where the estimate is different from the original amount, such difference will impact the carrying value of inventories and net realisable value for the periods in which such estimate is changed.

(d) Estimation of provision for impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the collectability of receivables from third parties and other receivables. Provisions for impairment are applied where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying amounts of receivables and doubtful debt expenses in the period in which such estimates have been changed.

(e) Estimation of provision for impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.5. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 13).

(f) Estimation of provision for impairment of intangible assets and fixed assets

Plant and equipment and intangible assets (other than goodwill) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable such as declines in asset's market value and significant increase in interest rates that may affect the discount rate used in calculating the asset's recoverable amount.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) whether a decline in asset's market value, increase in interest rates or other market rates that may affect the discount rate used in calculating the asset's recoverable amount; (iv) whether any assets have become obsolete or any plan to discontinue or restructure; and (v) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue

Revenue represented income generated from the trading of plastic products and moulds. Revenue recognised during the year/period are as follows:

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Income from sales of moulds	119,788	66,662
Income from sales of plastic products	656,974	562,140
	<u>776,762</u>	<u>628,802</u>

6 Expenses by nature

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Cost of inventories sold (Note 15)	280,953	257,984
Employee benefit expenses (Note 7(a))	208,467	178,090
Auditors' remuneration	1,708	1,893
Operating lease payments	23,310	11,796
Monitoring fee (Note 24(a))	23,458	15,500
Processing fee	40,604	26,652
Consultancy fee	2,205	2,264
Transportation expenses	5,118	3,154
Provision for impairment of trade receivables (Note 14)	149	158
Receivables written off (Note 14)	47	-
Provision for inventories (Note 15)	6,045	1,754
Amortisation of intangible assets (Note 13)	14,834	10,636
Depreciation of machinery and equipment (Note 12)	35,748	25,865
Utility expenses	27,173	17,720
Legal and professional expense	3,278	14,028
Others	45,073	16,511
	<u>718,170</u>	<u>584,005</u>
Representing:		
Cost of sales	598,999	478,469
Administrative expenses	100,198	92,900
Selling and distribution expenses	18,973	12,636
	<u>718,170</u>	<u>584,005</u>

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Employee benefit expense and directors' emoluments

(a) Employee benefit expenses (including directors' emoluments)

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Wages, salaries and bonus	174,849	156,453
Pension cost – defined contribution plans	26,483	14,744
Other employee benefit expenses	4,292	2,895
Severance payments	2,843	3,998
	<u>208,467</u>	<u>178,090</u>

Representing:		
Cost of sales	171,192	132,882
Administrative expenses	31,373	40,813
Selling and distribution expenses	5,902	4,395
	<u>208,467</u>	<u>178,090</u>

(b) Directors' emoluments (regarded as key management compensation)

No emolument was paid or payable to the directors during the year ended 31 December 2016 (Prior period: Nil).

8 Other income, net

Other income and expenses recognised during the year/period are as follows:

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Foreign exchange gain, net	24,814	12,212
Others	4,029	3,915
	<u>28,843</u>	<u>16,127</u>

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Finance costs, net

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Bank interest income	18	58
Interest on bank borrowings wholly repayable within 5 years	(24,180)	(15,887)
	<u>(24,162)</u>	<u>(15,829)</u>

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (Prior period: Nil). Subsidiaries established and operating in Mainland China are subject to Mainland China Corporate Income Tax at the rate of 25% on the estimated assessable profit for the year/period (Prior period: 25%).

Income tax expense charged to the consolidated statement of comprehensive income represents:

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Current income tax		
Hong Kong profits tax	1,873	-
Mainland China Corporate Income Tax	25,736	20,181
	<u>27,609</u>	<u>20,181</u>
Deferred income tax (Note 21)	(7,123)	(3,627)
	<u>20,486</u>	<u>16,554</u>

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Income tax expense (Continued)

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Profit/(loss) before taxation	63,273	(4,223)
Tax calculated at applicable tax rates in the respective jurisdictions	22,307	(876)
Tax effects of:		
Income not subject to tax	(3,939)	-
Expenses not deductible for tax purposes	2,936	15,512
Tax loss not recognised	101	1,918
Utilisation of previously unrecognised tax losses	(919)	-
Tax charge	20,486	16,554

11 Subsidiaries

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of company	Place of incorporation	Principal activities	Issued/registered share capital	Interest held	Direct/indirect
Ying Shing Enterprises Limited ("HKYS")	Hong Kong	Trading of moulds and plastic products	HK\$10,000,000	100%	Direct
Ying Tat Investment (Hong Kong) Limited ("HKYT")	Hong Kong	Trading of moulds and plastic products	HK\$10,000	100%	Direct
Zhuhai Yingcheng Electronics Technology Co., Ltd. ("ZHYC")	PRC	Manufacturing and trading of moulds and plastic products	HK\$50,000,000	100%	Indirect
Suzhou Yinghao Precision Moulding and Tooling Co., Ltd. ("SZYH")	PRC	Manufacturing and trading of moulds and plastic products	US\$5,000,000	100%	Indirect

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Machinery and equipment

	Leasehold improvement HK\$'000	Office equipment HK\$'000	Moulds and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 11 March 2015 (date of incorporation)					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	-	-
Period ended 31 December 2015					
Opening net book amount	-	-	-	-	-
Acquisition of subsidiaries	-	5,257	190,395	3,144	198,796
Additions	10,779	295	60,228	138	71,440
Disposals	-	(17)	(8,623)	-	(8,640)
Depreciation charge (Note 6)	(1,286)	(1,899)	(21,538)	(1,142)	(25,865)
Currency translation differences	(323)	(176)	(8,921)	(89)	(9,509)
Closing net book amount	9,170	3,460	211,541	2,051	226,222
At 31 December 2015					
Cost	10,412	5,300	232,378	3,157	251,247
Accumulated depreciation	(1,242)	(1,840)	(20,837)	(1,106)	(25,025)
Net book amount	9,170	3,460	211,541	2,051	226,222
Year ended 31 December 2016					
Opening net book amount	9,170	3,460	211,541	2,051	226,222
Additions	221	242	14,001	-	14,464
Disposals	-	(2)	(14,325)	-	(14,327)
Depreciation charge (Note 6)	(2,568)	(1,322)	(31,170)	(688)	(35,748)
Currency translation differences	(487)	(167)	(11,322)	(76)	(12,052)
Closing net book amount	6,336	2,211	168,725	1,287	178,559
At 31 December 2016					
Cost	9,955	5,171	215,056	2,987	233,169
Accumulated depreciation	(3,619)	(2,960)	(46,331)	(1,700)	(54,610)
Net book amount	6,336	2,211	168,725	1,287	178,559

Depreciation expenses of approximately HK\$30,900,000 (2015: HK\$21,859,000) and HK\$4,848,000 (2015: HK\$4,006,000) have been charged to costs of sales and administrative expenses respectively.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Intangible assets

	Goodwill HK\$'000	Trademarks HK\$'000	Customer relation -ships HK\$'000	Non- compete agreements HK\$'000	Computer Software HK\$'000	Total HK\$'000
At 11 March 2015 (date of incorporation)						
Cost	-	-	-	-	-	-
Accumulated amortisation	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-
Period ended 31 December 2015						
Opening net book amount	-	-	-	-	-	-
Acquisition of subsidiaries	74,784	36,482	37,004	17,279	2,940	168,489
Additions	-	-	-	-	864	864
Amortisation (Note 6)	-	(2,207)	(5,567)	(2,600)	(262)	(10,636)
Closing net book amount	74,784	34,275	31,437	14,679	3,542	158,717
At 31 December 2015						
Cost	74,784	36,482	37,004	17,279	3,804	169,353
Accumulated amortisation	-	(2,207)	(5,567)	(2,600)	(262)	(10,636)
Net book amount	74,784	34,275	31,437	14,679	3,542	158,717
Year ended 31 December 2016						
Opening net book amount	74,784	34,275	31,437	14,679	3,542	158,717
Additions	-	-	-	-	8,434	8,434
Amortisation (Note 6)	-	(3,040)	(7,401)	(3,456)	(937)	(14,834)
Currency translation differences	(4,799)	(1,845)	(1,155)	(539)	(781)	(9,119)
Closing net book amount	69,985	29,390	22,881	10,684	10,258	143,198

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Intangible assets (Continued)

	Goodwill HK\$'000	Trademarks HK\$'000	Customer relation -ships HK\$'000	Non- competes agreements HK\$'000	Computer Software HK\$'000	Total HK\$'000
At 31 December 2016						
Cost	69,985	34,141	34,629	16,170	11,405	166,330
Accumulated amortisation	-	(4,751)	(11,748)	(5,486)	(1,147)	(23,132)
Net book amount	<u>69,985</u>	<u>29,390</u>	<u>22,881</u>	<u>10,684</u>	<u>10,258</u>	<u>143,198</u>

Amortisation expenses of approximately HK\$14,834,000 (2015: HK\$10,636,000) have been charged in administrative expenses.

Notes:

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to operating entities.

The recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows were then extrapolated using the estimated growth rates beyond the five-year period. The growth rate does not exceed the long-term average growth rate for the business in which the CGUs operates.

Key assumptions used for value-in-use calculations:

	For the year ended 31 December 2016	For the period from 11 March 2015 (date of incorporation) to 31 December 2015
Turnover growth rate	1%	1%
Discount rate	12.5%	12.5%
Terminal growth rate	0%	0%

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Intangible assets (Continued)

Management determined the budgeted turnover growth rate based on past performance and its expectation of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The cash flows beyond the five-year period are extrapolated using a zero growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

14 Trade and other receivables

	2016 HK\$'000	2015 HK\$'000
Current portion		
Trade receivables	268,455	304,376
Less: provision for impairment of trade receivables	(307)	(158)
Trade receivables – net	268,148	304,218
Bills receivables	-	482
Other receivables	7,984	6,961
Prepayments	5,786	3,057
	281,918	314,718
Non-current portion		
Long-term prepayments	7,037	7,522
	288,955	322,240

The carrying amounts of trade and other receivable approximate their fair values.

As at 31 December 2016, trade receivables of approximately HK\$45,396,000 (2015: HK\$49,206,000) were past due but not considered to be impaired. These relate to a number of independent customers for whom there is no significant difficulty and based on the past experience, the overdue amounts can be recovered. The ageing analysis of these receivables is as follow:

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Trade and other receivables (Continued)

	2016 HK\$'000	2015 HK\$'000
1 – 30 days	29,431	37,040
31 – 60 days	5,253	8,617
61 – 90 days	1,774	1,622
91 – 180 days	4,540	1,473
Over 180 days	4,398	454
	<u>45,396</u>	<u>49,206</u>

As of 31 December 2016, trade receivables of approximately HK\$47,000 (2015: Nil) were impaired. The amount of the provision was HK\$307,000 (2015: HK\$158,000) as of 31 December 2016. The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2016 HK\$'000	2015 HK\$'000
Over 180 days	<u>47</u>	<u>-</u>

Movements of provision for impairment of trade receivable are as follows:

	2016 HK\$'000	2015 HK\$'000
At 1 January 2016/11 March 2015 (date of incorporation)	158	-
Provision for impairment of trade receivables (Note 6)	149	158
At 31 December	<u>307</u>	<u>158</u>

The maximum exposure to credit risk at the consolidated statement of financial position date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Trade and other receivables are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
RMB	102,838	124,499
US\$	184,690	196,914
HK\$	1,196	824
Euro	203	3
Singapore dollar	28	-
	<u>288,955</u>	<u>322,240</u>

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Inventories

	2016 HK\$'000	2015 HK\$'000
Raw materials	19,196	21,109
Work in progress	31,120	35,861
Finished goods	30,924	34,325
Goods in transit	5,148	6,760
	<u>86,388</u>	<u>98,055</u>

The cost of inventories recognised as expense and included in “cost of sales” amounted to HK\$280,953,000 (2015: HK\$257,984,000).

At 31 December 2016, the provision for inventories was HK\$6,045,000 (2015: HK\$1,754,000) and the provision has been included in ‘costs of sales’ in the consolidated statement of comprehensive income.

16 Cash and bank balances

(a) Cash and cash equivalents

	2016 HK\$'000	2015 HK\$'000
Cash at bank and on hand	<u>112,047</u>	<u>122,704</u>

Cash and cash equivalents are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
US\$	78,072	117,154
HK\$	3,704	488
RMB	26,923	4,743
Euro	3,346	313
Singapore dollar	2	6
	<u>112,047</u>	<u>122,704</u>

(b) Restricted cash

As at 31 December 2016, a restricted deposit of HK\$439,000 (2015: HK\$515,000) were held at bank to serve as the amount required to be monitored by PRC customs, and represents half of the tariffs for imported goods.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Financial instruments by category

	Loans and receivables HK\$'000
Assets as at 31 December 2016	
Trade receivables (Note 14)	268,148
Other receivables	2,607
Amount due from an intermediate holding company (Note 24)	85,250
Restricted cash (Note 16)	439
Cash and cash equivalents (Note 16)	112,047
Total	468,491
Assets as at 31 December 2015	
Trade receivables (Note 14)	304,218
Bills receivables (Note 14)	482
Other receivables	928
Restricted cash (Note 16)	515
Cash and cash equivalents (Note 16)	122,704
Total	428,847
	Financial liabilities at amortised cost HK\$'000
Liabilities as at 31 December 2016	
Trade payables (Note 19)	123,899
Accruals and other payables	37,019
Bank borrowings (Note 20)	417,501
Total	578,419
Liabilities as at 31 December 2015	
Trade payables (Note 19)	95,574
Accruals and other payables	100,370
Amount due to a related company (Note 24)	15,500
Bank borrowings (Note 20)	378,012
Total	589,456

18 Share capital

	Number of shares	Nominal value of shares US\$	Equivalent nominal value of shares HK\$'000	Share premium HK\$'000	Total HK\$'000
Ordinary shares of US\$0.01 each issued and fully paid at 31 December 2015 and 2016	30,001	300	2	232,498	232,500

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Trade and other payables

	2016 HK\$'000	2015 HK\$'000
Trade payables	123,899	95,574
Accruals and other payables	78,329	117,907
Acquisition consideration payable	-	36,090
Receipt in advance	15,405	12,391
	<u>217,633</u>	<u>261,962</u>

The carrying values of trade and other payables approximate their fair value due to short maturities.

Trade and other payables above are payable in the following currencies:

	2016 HK\$'000	2015 HK\$'000
RMB	171,938	201,034
HK\$	2,714	6,029
US\$	41,722	33,374
Japanese yen	147	21,288
Singapore dollar	-	237
Euro	1,112	-
	<u>217,633</u>	<u>261,962</u>

20 Bank borrowings

	2016 HK\$'000	2015 HK\$'000
Term loan due for repayment within one year - secured	66,872	44,395
Term loan due for repayment after one year - secured	350,629	333,617
Total bank borrowings	<u>417,501</u>	<u>378,012</u>

At 31 December 2016, the secured bank borrowings were secured by all the assets of ZHYC and SZYH and the equity shares of HKYS and HKYT held by the Company.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Bank borrowings (Continued)

An analysis of the carrying amounts of the Group's bank borrowings by type and currency is as follows:

	2016 HK\$'000	2015 HK\$'000
RMB at floating rates	33,186	37,585
US\$ at floating rates	384,315	340,427
	<u>417,501</u>	<u>378,012</u>

The effective interest rates per annum at the consolidated statement of financial position date are as follows:

	2016	2015
RMB	7.14%	7.34%
US\$	<u>5.68%</u>	<u>5.68%</u>

The carrying amounts of bank borrowings approximate their fair values.

The Group has the following undrawn borrowing facilities:

	2016 HK\$'000	2015 HK\$'000
Floating rate		
- expiring within one year	<u>-</u>	<u>3,581</u>

The facilities expiring within one year are annual facilities subject to review at various dates during 2016.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Deferred income tax

	2016 HK\$'000	2015 HK\$'000
Deferred tax assets	165	177
Deferred tax liabilities	(17,678)	(24,813)
Deferred tax liabilities, net	<u>(17,513)</u>	<u>(24,636)</u>

The gross movements on the deferred income tax are as follows:

	2016 HK\$'000	2015 HK\$'000
At 1 January 2016/11 March 2015 (date of incorporation)	(24,636)	-
Business combination	-	(28,263)
Credited to consolidated statement of comprehensive income (Note 10)	7,123	3,627
Deferred tax liabilities, net	<u>(17,513)</u>	<u>(24,636)</u>

All deferred tax assets and liabilities are expected to unwind after one year.

The movement in deferred tax assets/(liabilities) is shown below:

	Deferred tax assets: Provision HK\$'000	Deferred tax liabilities: Fair value adjustments HK\$'000	Total HK\$'000
At 11 March 2015 (Date of incorporation)	-	-	-
Business combination	-	(28,263)	(28,263)
Credited to consolidated statement of comprehensive income (Note 10)	177	3,450	3,627
At 31 December 2015	177	(24,813)	(24,636)
Credited to consolidated statement of comprehensive income (Note 10)	(12)	7,135	7,123
At 31 December 2016	<u>165</u>	<u>(17,678)</u>	<u>(17,513)</u>

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Deferred income tax (Continued)

As at 31 December 2016, deferred income tax liabilities have not been recognised for the withholding tax that would be payable on the distributable retained profit amounting to approximately HK\$162,664,000 (2015: HK\$84,000,000) of the Company's subsidiaries in the PRC earned after 1 January 2008. Such amounts are not expected to be distributed to the subsidiaries incorporated outside the PRC in the foreseeable future.

There was no significant unprovided deferred tax as at 31 December 2016 and 2015.

22 Note to consolidated statement of cash flows

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	63,273	(4,223)
Adjustments for:		
Finance expenses (Note 9)	24,180	15,887
Finance income (Note 9)	(18)	(58)
Provision for the impairment of trade receivables (Note 14)	149	158
Receivables written off (Note 14)	47	-
Provision for inventories (Note 15)	6,045	1,754
Loss/(gain) on disposal of machinery and equipment	4,262	(782)
Depreciation of machinery and equipment (Note 12)	35,748	25,865
Amortisation (Note 13)	14,834	10,636
Operating profit before working capital changes	148,520	49,237
Decrease/(increase) in trade and other receivables	33,089	(127,928)
(Decrease)/increase in amount due to a related company	(15,500)	15,500
Decrease in amounts due from related companies	-	13,952
Decrease/(increase) in inventories	5,622	(13,874)
(Decrease)/increase in trade and other payables	(2,844)	84,039
Cash generated from operations	168,887	20,926

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Note to consolidated statement of cash flows (Continued)

Note (a) - Proceeds from disposals of machinery and equipment

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
Net book amount of disposals of machinery and equipment (Note 12)	14,327	8,640
(Loss)/gain on disposals of machinery and equipment	(4,262)	782
Proceeds from disposals of machinery and equipment	<u>10,065</u>	<u>9,422</u>

23 Commitments

(a) Capital Commitments

As at 31 December 2016, capital expenditure contracted for but not yet incurred is as follows:

	2016 HK\$'000	2015 HK\$'000
Intangible assets - software	-	775
Machinery and equipment	<u>6,814</u>	<u>42,301</u>
	<u>6,814</u>	<u>43,076</u>

(b) Operating lease commitments

At 31 December 2016, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings as follows:

	2016 HK\$'000	2015 HK\$'000
Within 1 year	21,569	19,252
Later than 1 year and less than 5 years	83,941	90,082
More than 5 years	<u>75,806</u>	<u>102,946</u>
	<u>181,316</u>	<u>212,280</u>

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Related party transactions

The Company is a wholly owned subsidiary of Pearl Holding II Limited, a company incorporated in the Cayman Islands. The directors regard Project Pearl Holding Limited, a private company incorporated in the United Kingdom, as being the ultimate holding company.

Apart from those disclosed elsewhere in these consolidated financial statements, the following significant transactions and balances were carried out with related companies:

(a) Transactions with related parties:

	For the year ended 31 December 2016 HK\$'000	For the period from 11 March 2015 (date of incorporation) to 31 December 2015 HK\$'000
With a related company for which the Group shares common key management:		
Monitoring fee	23,458	15,500
With related companies controlled by a key management of the Group:		
Operating lease expense in respect of the Group's manufacturing base in Zhuhai	10,743	9,650
Commission expenses	981	-
With a key management of the Group:		
Recovery of impaired trade receivables from the previous shareholder as per sale and purchase agreement entered into in the prior period	2,827	-

The above transactions were conducted at prices and terms mutually agreed between the parties involved.

APPENDIX 2 – LETTER FROM THE OFFEROR TO SHAREHOLDERS

PEARL HOLDING III LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Related party transactions (continued)

(b) Balances with a related company and an intermediate holding company:

	2016 HK\$'000	2015 HK\$'000
Amount due from an intermediate holding company	85,250	-
Amount due to a related company	-	15,500

Balances with a related company and an intermediate holding company are unsecured, interest-free and are repayable on demand. The carrying amounts approximate their fair value and are mainly denominated in US\$.

(c) Key management compensation

No fees or other emoluments are paid or payable to the key management of the Company for the year (Prior period: Nil).

25 Event after the reporting period

On 19 January 2017, a wholly owned subsidiary of the Company, Pearl Engineered Solutions Corporation, was incorporated in the State of Delaware. The shares issued amounted to US\$1 (US\$0.01 per share) were fully paid.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

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

Name	Address	Designation
Mr. Foo Meng Tong	12A Jalan Labu Manis Bartley Rise Singapore 537999	Non-Executive Chairman
Mr. Tan Choon King	75 Sunrise Drive Florida Park Singapore 806578	President and Chief Executive Officer
Mr. Chan Kok Wai, Peter	12 Dover Close East #15-206 Dover Heights Singapore 130012	Executive Director
Mr. Ng Boon Yew	24 Fernhill Crescent Fernhill Garden Singapore 259178	Independent Director
Mr. Moy Kok Leng	716 Clementi West Street 2 #09-27 Vista 18 Singapore 120716	Independent Director
Mr. Leong Hong Kiat, Amos	86 Old Upper Thomson Road Singapore 574058	Non-Executive Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 28 June 1994 and was listed on the Main Board of the SGX-ST on 4 July 2001.

The Group is engaged in the business of manufacturing precision plastic injection moulds, high precision plastic injection moulding, laser marking and decorative finishing for engineering components for the automotive, computer peripherals, healthcare and consumer product industries, with a presence in Singapore, China, Thailand and Malaysia.

3. SHARE CAPITAL

3.1 Shares

As at the Latest Practicable Date, there is only one class of shares in the capital of the Company, comprising ordinary shares.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$57,835,594.01 comprising 55,760,986 Shares. The Company has no treasury shares. Since the end of the financial year ended 31 March 2017, no new Shares have been issued by the Company.

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected texts of the Constitution relating to the rights of the Shareholders in respect of capital, dividends and voting have been extracted and reproduced in **Appendix 4** to this Scheme Document.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

3.3 Convertible Instruments

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

4. FINANCIAL INFORMATION

4.1 Financial Information of the Group

Set out below is certain financial information extracted from the annual reports of the Company for FY2015, FY2016 and FY2017 and from the unaudited consolidated financial statements of the Group for 6M2016 respectively.

The financial information for FY2015, FY2016 and FY2017 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2015, FY2016 and FY2017 respectively, and the financial information for 6M2016 should be read in conjunction with the unaudited consolidated financial statements of the Group and the accompanying notes as set out in the unaudited consolidated financial statements of the Group for 6M2016.

	Unaudited 6M2016 S\$'000	Audited FY2017 S\$'000	Audited FY2016 S\$'000	Audited FY2015 S\$'000
Revenue	85,898	178,086	187,944	168,265
Exceptional items	0	0	0	0
Net profit before tax	6,241	17,664	16,868	11,291
Net profit after tax	4,131	13,031	12,967	7,483
Non-controlling interests	0	0	0	0
Net earnings per share				
- Basic (S\$ cents)	7.48	23.49	23.73	2.74 ⁽¹⁾
- Diluted (S\$ cents)	7.48	23.49	23.73	2.74 ⁽¹⁾

Set out below is also a summary of the dividend per Share declared in respect of each of FY2015, FY2016 and FY2017 and 6M2016. This information was extracted from the annual reports of the Company for FY2015, FY2016 and FY2017 and the unaudited consolidated financial statements of the Group for 6M2016.

Dividend per Share	Final Tax Exempt Dividend (S\$)	Special Tax Exempt Dividend (S\$)	Interim Tax Exempt Dividend (S\$)
In respect of 6M2016	–	–	0.03
In respect of FY2017	0.03	0.03	0.03
In respect of FY2016	0.03	0.02	0.02
In respect of FY2015	0.006 ⁽¹⁾	0.004 ⁽¹⁾	–

Notes:

- (1) Before the share consolidation of every five (5) existing issued shares into one (1) ordinary share of the Company, which was completed by the Company on 1 September 2015.

The audited consolidated balance sheet of the Group as at 31 March 2017, being the latest published audited consolidated balance sheet of the Group prior to the Latest Practicable Date, and the unaudited consolidated balance sheet of the Group as at 30 September 2016, which is reproduced from the unaudited consolidated financial statements of the Group for 6M2016, are set out below.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

The audited consolidated balance sheet of the Group as at 31 March 2017 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual report of the Company for FY2017, and the unaudited consolidated balance sheet of the Group as at 30 September 2016 should be read in conjunction with the unaudited consolidated financial statements of the Group and the accompanying notes as set out in the unaudited consolidated financial statements of the Group for 6M2016.

	Unaudited 6M2016 S\$'000	Audited FY2017 S\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,375	38,126
Goodwill and other intangible assets	5,702	5,634
Land use right	–	3,315
Available-for-sale investment	20	80
Deferred tax assets	487	591
Total non-current assets	36,584	47,746
Current assets		
Inventories	20,984	18,990
Trade and other receivables	42,896	47,731
Other assets	4,427	112
Prepayments	1,446	1,780
Cash and short-term deposits	37,056	40,609
Total current assets	106,809	109,222
Total assets	143,393	156,968
LIABILITIES AND EQUITY		
Equity attributable to owners of the Company		
Share capital	59,506	59,506
Foreign currency translation reserve	(1,214)	(1,608)
Retained earnings	37,725	43,267
Statutory reserves	6,828	8,513
Total equity	102,845	109,678
Non-current liabilities		
Loans and borrowings	170	6,564
Provision for defined benefit plan	360	429
Deferred tax liabilities	535	658
Total non-current liabilities	1,065	7,651
Current liabilities		
Trade and other payables	31,764	32,018
Loans and borrowings	7,000	6,666
Income tax payable	719	955
Total current liabilities	39,483	39,639
Total liabilities and equity	143,393	156,968

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

Copies of the annual reports of the Company for FY2015, FY2016 and FY2017 and the unaudited consolidated financial statements of the Group for 6M2016 are available for inspection at the Company's registered office at 3 Ang Mo Kio Street 62, #02-08 LINK@AMK, Singapore 569139 during normal business hours from the date of this Scheme Document up to the Effective Date.

4.2 Material Changes in Financial Position

Save as disclosed in this Scheme Document, there have been no material changes in the financial position of the Company since 31 March 2017, being the date of the last published audited consolidated financial statements of the Group.

4.3 Significant Accounting Policies

The significant accounting policies for the Group are set out in the notes to the audited consolidated financial statements of the Group for FY2017, which are set out in **Appendix 5** to this Scheme Document.

4.4 Changes in Accounting Policies

The changes in the significant accounting policies for the Group are set out in the extract of the notes to the audited consolidated financial statements of the Group for FY2017 in **Appendix 5** to this Scheme Document. Save as aforesaid, as at the Latest Practicable Date, there are no changes in the accounting policy of the Group which will cause the figures disclosed in this **paragraph 4** not to be comparable to a material extent.

5. DISCLOSURE OF INTERESTS

5.1 Holdings of Offeror Shares and Offeror Convertible Securities by the Company

As at the Latest Practicable Date, none of the Group Companies owns, controls or has agreed to acquire any Offeror Shares or any Offeror Convertible Securities.

5.2 Interests of Directors in Offeror Shares and Offeror Convertible Securities

As at the Latest Practicable Date, and save as disclosed in this Scheme Document, none of the Directors has any direct or indirect interests in the Offeror Shares or the Offeror Convertible Securities.

5.3 Interests of Directors in Company Securities

As at the Latest Practicable Date, save as disclosed in this **paragraph 5.3** and this Scheme Document, as well as based on the Register of Directors, none of the Directors has any direct or indirect interests in the Company Securities:

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⁾
Director				
Mr. Tan Choon King	—	—	31,257,133 ⁽²⁾	56.06
Mr. Ng Boon Yew	30,000	0.05	—	—
Mr. Chan Kok Wai, Peter	360,000	0.65	—	—

Notes:

(1) All references to percentage shareholding of the issued share capital of the Company in this **paragraph 5.3** are based on the total issued Shares as at the Latest Practicable Date.

(2) TCK's deemed interest is through his interest in Harmony.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

5.4 Interests of Substantial Shareholders in Shares

As at the Latest Practicable Date, based on the Register of Substantial Shareholders maintained by the Company, the interests of the substantial shareholders of the Company in the Shares are set out below:

Substantial shareholder	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Harmony (S) Holdings Pte. Ltd. ⁽²⁾	–	–	31,257,133	56.06
Mr. Tan Choon King	–	–	31,257,133 ⁽³⁾	56.06
Univac Precision Engineering Pte Ltd	10,466,666	18.77	–	–
Venture Corporation Limited	–	–	10,466,666 ⁽⁴⁾	18.77

Notes:

- (1) All references to percentage shareholding of the issued share capital of the Company in this paragraph 5.4 are based on the total issued Shares as at the Latest Practicable Date.
- (2) Harmony's Shares are held through a sub-account maintained by a depository agent, being CIMB Securities (Singapore) Pte Ltd.
- (3) TCK's deemed interest is through his interest in Harmony.
- (4) Venture Corporation Limited's deemed interest is through its interest in Univac.

6. DEALINGS DISCLOSURE

6.1 Dealings in Offeror Shares and Offeror Convertible Securities by the Company

None of the Group Companies has dealt for value in the Offeror Shares or the Offeror Convertible Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

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

None of the Directors has dealt for value in the Offeror Shares or the Offeror Convertible Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.3 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Interests of the IFA in Company Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Company Securities.

7.2 Dealings in Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in the Company Securities during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

8. ARRANGEMENTS AFFECTING DIRECTORS

8.1 No Payment or Benefit to Directors

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other corporation which, by virtue of Section 6 of the Companies Act, is deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Scheme.

8.2 No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there is no agreement, arrangement or understanding made between any of the Directors and any other person in connection with or conditional upon the outcome of the Scheme.

8.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) none of the Group Companies 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) the Directors are not aware of any proceedings pending or threatened against any of the Group Companies 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.

10. GENERAL DISCLOSURE

10.1 Financial Statements for FY2017 and 6M2016

The audited consolidated financial statements of the Group for FY2017 and the unaudited consolidated financial statements of the Group for 6M2016 are set out in **Appendix 5** and **Appendix 6** to this Scheme Document respectively.

10.2 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with any Group Company which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to Joint Announcement Date and ending on the Latest Practicable Date.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

10.3 Material Contracts with Interested Persons

The consultancy agreement between the Company and FMT dated 14 November 2014 in relation to FMT's appointment as a consultant of the Company ("**Consultancy Agreement**") provides, *inter alia*, that:

- (a) the Consultancy Agreement is effective from 15 November 2014;
- (b) a consulting fee of S\$180,000 per annum is payable by the Company to FMT on a monthly basis; and
- (c) the Consultancy Agreement can be terminated by either the Company or FMT with three (3) months' notice or payment in lieu of such notice.

Save as disclosed in this **paragraph 10.3**, as at the Latest Practicable Date, none of the Group Companies has entered into any material contracts with interested persons during the period beginning three (3) years before the Joint Announcement Date and ending on the Latest Practicable Date.

10.4 Costs and Expenses

In the event that the Scheme does not become effective and binding for any reason, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company.

10.5 Directors' Intentions with respect to their Shares

In the absence of a Competing Offer, all of the Directors who own legally and/or beneficially Shares (amounting to approximately 56.76 per cent. of the total number of Shares), as set out in **paragraph 5.3** of this **Appendix 3** (including FMT, TCK and CKW who have each executed the Deed of Undertaking in relation to the Shares owned legally and/or beneficially by him) have informed the Company that they will **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

11. CONSENTS

11.1 General

Drew & Napier LLC and the Share Registrar have each given and have not withdrawn their respective written consents to the issue of this Scheme Document with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in this Scheme Document.

11.2 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the IFA Letter as set out in **Appendix 1** to this Scheme Document and all references to its name in the form and context in which it appears in this Scheme Document.

11.3 EY

EY has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name and the auditors' report relating to the 2017 Audited Accounts as set out in **Appendix 5** to this Scheme Document and all references to its name in the form and context in which it appears in this Scheme Document.

APPENDIX 3 – GENERAL INFORMATION RELATING TO THE COMPANY

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 3 Ang Mo Kio Street 62, #02-08 LINK@AMK, Singapore 569139 during normal business hours from the date of this Scheme Document up to the Effective Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2015, FY2016 and FY2017;
- (c) the unaudited consolidated financial statements of the Group for 6M2016;
- (d) the Implementation Agreement;
- (e) the Deeds of Undertaking; and
- (f) the letters of consent referred to in **paragraph 11** of this **Appendix 3**.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution of the Company are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the Constitution of the Company, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.

1. The rights of Shareholders in respect of capital

ISSUE OF SHARES

4. Subject to the Statutes, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:
 - (a) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the members in a 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 Article 8(A) with such adaptations as are necessary shall apply; and
 - (c) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.
5.
 - (A) 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 balance sheets 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 of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.
 - (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

6.
 - (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters in value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and 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, all the provisions of

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in value of the issued shares of the class and that any holder of shares of the class present in person or by proxy 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 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 Article 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.

- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned, 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 General Meeting, shall be as valid and effectual as a special resolution carried at the General Meeting.
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

- 7. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.
- 8.
 - (A) Subject to any direction to the contrary that may be given by the Company in a General Meeting or except as permitted under the Singapore Exchange Securities Trading Limited listing rules, 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, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).
 - (B) Notwithstanding Article 8(A) above but subject to the Statutes, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally, or subject to such conditions as may be specified in the Ordinary Resolution, to:
 - (a)
 - (i) issue shares whether by way of rights issue, bonus issue or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, or other instruments convertible into shares; and

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (b) notwithstanding that the authority conferred by the Ordinary Resolution may have ceased to be in force, issue shares in pursuance of any Instruments made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited);
 - (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and
 - (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (C) Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

9. The Company may by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) 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;
- (c) 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 provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or
- (d) subject to the provisions of the Statutes, convert any class of shares into any other class of shares.

10. (A) The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law.
- (B) Subject to and in accordance with the provisions of the Act, the Company may authorise the Directors in General Meeting to purchase or otherwise acquire ordinary shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall be cancelled. The amount of the Company's issued share capital which is diminished on cancellation of the shares purchased shall be transferred to the Company's capital redemption reserve.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

SHARES

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.
12. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.
13. Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in a General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
14. The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted Provided that the rate or amount of the commissions paid or agreed to be paid shall be disclosed in the manner required by the Statutes. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application. The term "market day" shall have the meaning ascribed to it in Article 18. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class.
17. (A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.

(B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.
18. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every person whose name is entered as a member in the Register of Members shall be entitled to receive within ten market days of the closing date of any application for shares (or such other

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) or within fifteen market days after the date of lodgement of a registerable transfer (or such other period as may be approved by any Stock Exchange upon which the shares of the Company may be listed) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate(s) for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require and a maximum fee of \$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed. For the purposes of this Article 18, the term "market day" shall mean a day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.

19. (A) Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.
- (B) If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of \$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed.
- (C) In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders.
20. Subject to the provisions of the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any Stock Exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding \$1 as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

TRANSFER OF SHARES

36. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by any Stock Exchange upon which the Company may be listed or any other form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed Provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

37. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine Provided always that such Register shall not be closed for more than thirty days in any year Provided always that the Company shall give prior notice of such closure as may be required to any Stock Exchange upon which the Company may be listed, stating the period and purpose or purposes for which the closure is made.
38. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or the listing rules of any Stock Exchange upon which the shares of the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (except where such refusal to register contravenes the listing rules of any Stock Exchange upon which the shares of the Company may be listed) Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within one month beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- (a) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding \$2 as the Directors may from time to time require pursuant to Article 41, is paid to the Company in respect thereof;
 - (b) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do;
 - (c) the instrument of transfer is in respect of only one class of shares; and
 - (d) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.
39. If the Directors refuse to register a transfer of any shares, they shall within one month after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.
40. All instruments of transfer which are registered may be retained by the Company.
41. There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding \$2 as the Directors may from time to time require or prescribe.
42. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

instrument duly and properly registered and every share certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

STOCK

- 46. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.
- 47. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units (not being greater than the nominal amount of the shares from which the stock arose) as the Directors may from time to time determine.
- 48. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

CAPITALISATION OF PROFITS AND RESERVES

- 133. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to Article 8(B):
 - (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
 - (i) The date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) In the case of an Ordinary Resolution passed pursuant to Article 8(B), such other date as may be determined by the Directors,in proportion to their then holding of shares; and/or
 - (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) In the case of an Ordinary Resolution passed pursuant to Article 8(B), such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

- (B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 133(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (C) In addition and without prejudice to the powers provided for by Articles 133(A) and 133(B), the Directors shall have the power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividend (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 unissued 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 the shareholders and on such terms as the Directors shall think fit; or
 - (b) be held by or for the benefit of non-executive Directors as part of their remuneration under Article 79 approved by the shareholders in such manner and on such terms as the Directors shall think fit.

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

2. The rights of Shareholders in respect of dividends

RESERVES

- 120. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

DIVIDENDS

121. The Company may by Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors.
122. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
123. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share..
124. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
125. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
126. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

(C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.
127. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
128. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

129. (A) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;
 - (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded Provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 133, the Directors shall capitalise and apply the amount standing to the credit of the Company's reserve accounts as the Directors may determine, such sum as may be required to pay up in full (to the nominal value thereof) the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register or (as the case maybe) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.
 - (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
 - (E) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this Article.
130. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 132, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.
131. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.
132. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in a General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable 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.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

3. The rights of Shareholders in respect of voting

GENERAL MEETINGS

49. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. If required by listing rules of the Singapore Exchange Securities Trading Limited, all general meetings shall be held in Singapore unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by Singapore Exchange Securities Trading Limited.
50. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

51. Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company; Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which the Company may be listed.
52. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.
53. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:
- (a) declaring dividends;
- (b) receiving and adopting the financial statements, the Directors' report, the Auditors' reports and other documents required to be attached or annexed to the financial statements;
- (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (f) fixing the fees of the Directors proposed to be passed under Article 79.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

54. 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.

PROCEEDINGS AT GENERAL MEETINGS

55. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.
56. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy.
57. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting, any one or more members present in person or by proxy shall be a quorum.
58. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
59. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
60. If an amendment shall be proposed to any resolution under consideration but shall in good faith be 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.
61. At any General Meeting, a resolution put to the vote of the meeting shall be decided by poll. No poll shall be demanded on the choice of a chairman or on a question of adjournment.
62. A poll shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting. The chairman of the meeting shall appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
63. In the case of an equality of votes, the chairman of the meeting shall be entitled to a casting vote.
64. A poll shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately.

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

VOTES OF MEMBERS

65. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the company, each member entitled to vote may vote in person or by proxy. On a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company.
66. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.
67. Where in Singapore or elsewhere, a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
68. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.
69. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
70. On a poll, votes may be given personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
71. (A) Subject to the Act:
- (a) a member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting Provided where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and
 - (b) a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member Provided where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- (B) In the case of a member who is a Depositor, the Company shall be entitled and bound:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

APPENDIX 4 – EXTRACTS FROM THE COMPANY'S CONSTITUTION

- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
 - (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (D) A proxy need not be a member of the Company.
72. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual, shall be signed by the appointer or his attorney; and
 - (b) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 73, failing which the instrument may be treated as invalid.
73. An instrument appointing a proxy must be left at 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 Office) not less than seventy-two hours before the time appointed for the holding of the meeting or adjourned meeting, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.
74. An instrument appointing a proxy shall be deemed to include the right to move any resolution or amendment thereto and to speak at the meeting.
75. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made Provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting at which the vote is cast.

CORPORATIONS ACTING BY REPRESENTATIVES

76. Any corporation which is a member of the Company 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 of any class of members of the Company. 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 of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Independent Auditor's Report

For the financial year ended 31 March 2017

Independent Auditor's Report to the Members of Fischer Tech Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Fischer Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Impairment assessment of goodwill, plant and equipment, and cost of investments in subsidiary companies

As at 31 March 2017, the Group has goodwill and plant and equipment amounting to \$5,212,000 and \$38,126,000 respectively. The Company has investments in subsidiary companies amounting to \$27,121,000 relating to the same cash generating units (CGUs). Management prepared discounted cash flow models to determine the recoverable values of the CGUs.

The audit procedures over management's impairment test were significant to our audit because the impairment assessment involved significant management's judgement and the discounted cash flow model is based on assumptions that are affected by expected future market and economic conditions.

Our audit procedures included, amongst others, assessing the appropriateness of the recoverable values determined by management and the valuation method used. We evaluated the reasonableness of certain key assumptions used by management in determining the value-in-use computation, such as projected sales, gross margin, profitability and discount rate. We involved our internal specialists in evaluating the reasonableness of discount rate used in the value in use model. In addition, we also assessed whether these future cash flows were based on the budget approved by the board of directors.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Independent Auditor's Report

For the financial year ended 31 March 2017

Impairment assessment of goodwill, plant and equipment, and cost of investments in subsidiary companies (cont'd)

We also assessed the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment review is most sensitive to. The note disclosures on goodwill, plant and equipment and investments in subsidiary companies, and the related key assumptions and sensitivities are included in Notes 2.4(b), 2.6, 2.9, 2.10, 3.2, 11, 12 and 14 to the financial statements.

Adequacy of allowance for trade receivables

Trade receivable balances were significant to the Group as they represented 26% of the total asset on the consolidated balance sheet. In addition, trade receivables allowance assessment required significant management judgment in assessing the debtors' ability to pay. As such, we determined this to be a key audit matter.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The Group sets credit limits for customers and approves exceptions to such limits. We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging of debts to identify collection risks. We also performed other audit procedures that included requesting trade receivable confirmations, reviewing payment history and assessing collectability by obtaining evidence of financial position of debtors and/or receipts subsequent to the year end. For trade receivables where recoverability is in doubt, management exercised judgment in estimating the amounts which can be recovered. We evaluated management's assumptions used to estimate the trade receivables allowance amount through analysing ageing of receivables and the Group's past trend of collections for long outstanding and material trade debtors. We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Notes 2.11, 2.12, 3.1, 17 and 31 to the financial statements.

Allowance for inventory write-down

As of 31 March 2017, the carrying amount of inventories amounted to \$18,990,000, after considering allowance for inventory write down of \$874,000.

In assessing the allowance for inventory write-down, management considered the age of the inventories, their procurement and production cycle, and the committed orders from customers for finished goods. Based on management's assessment, an allowance had been provided for end-of-life inventory that are not expected to be sold above their cost. We focused on this area as the gross inventories and the allowance for inventory write down are material to the financial statements, and their determination involves high level of management judgment and estimation.

As part of our audit, we attended management's inventory counts at selected inventory locations and observed the process implemented by management to identify and monitor obsolete inventories. We observed the physical condition of the inventories during the inventory counts. We assessed the reasonableness of the allowance for inventory write down by testing the inventories' valuation, assessing the ageing of inventory and analysis of obsolete inventory based on historical sales performance of the products in their life cycle and management's estimation of the expected demand. We also tested the net realisable value of inventories on a sample basis by comparing the carrying value of the inventories to the subsequent selling prices to check that the carrying value is below the selling price. We also assessed the adequacy of the disclosures related to inventories in Notes 2.13, 3.1, 3.2 and 16 to the financial statements.

Other information

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

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

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Independent Auditor's Report

For the financial year ended 31 March 2017

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Independent Auditor's Report

For the financial year ended 31 March 2017

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
23 June 2017

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Consolidated Income Statement

For the financial year ended 31 March 2017

	Note	Group	
		2017 \$'000	2016 \$'000
Revenue	4	178,086	187,944
Cost of sales		(138,463)	(148,579)
Gross profit		39,623	39,365
Interest income	5	58	99
Other income	6	2,125	1,641
Distribution and selling expenses		(3,209)	(3,793)
Administrative expenses		(20,638)	(20,099)
Finance costs	7	(295)	(345)
Profit before taxation	8	17,664	16,868
Taxation	9	(4,633)	(3,901)
Profit for the year attributable to owners of the Company		13,031	12,967
Earnings per share attributable to owners of the Company (cents per share)			
- Basic and diluted	10	23.49	23.73

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2017

	Group	
	2017 \$'000	2016 \$'000
Profit for the year	13,031	12,967
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(1,199)	(4,292)
Other comprehensive income for the year, net of tax	(1,199)	(4,292)
Total comprehensive income for the year attributable to owners of the Company	11,832	8,675

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Balance Sheets

As at 31 March 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Property, plant and equipment	11	38,126	30,736	402	673
Goodwill and other intangible assets	12	5,634	5,762	56	76
Land use right	13	3,315	-	-	-
Available-for-sale investment		80	-	80	-
Investments in subsidiary companies	14	-	-	27,121	27,121
Loans due from subsidiary companies	15	-	-	19,222	19,591
Deferred tax assets	23	591	495	-	-
		47,746	36,993	46,881	47,461
Current assets					
Inventories	16	18,990	20,429	37	128
Trade and other receivables	17	47,731	47,526	8,544	9,296
Other assets	18	112	894	-	-
Prepayments		1,780	1,826	55	64
Cash and short-term deposits	19	40,609	38,952	18,051	15,462
		109,222	109,627	26,687	24,950
Current liabilities					
Trade and other payables	20	32,018	36,928	8,990	8,460
Loans and borrowings	21	6,666	7,237	1,546	1,574
Income tax payable		955	750	-	-
		39,639	44,915	10,536	10,034
Net current assets		69,583	64,712	16,151	14,916
Non-current liabilities					
Loans and borrowings	21	6,564	221	59	181
Provision for defined benefit plan	22	429	351	-	-
Deferred tax liabilities	23	658	545	-	-
		7,651	1,117	59	181
Net assets		109,678	100,588	62,973	62,196
Equity attributable to owners of the Company					
Share capital	24	59,506	57,787	59,506	57,787
Foreign currency translation reserve	25	(1,608)	(409)	-	-
Retained earnings		43,267	36,382	3,467	4,409
Statutory reserve	26	8,513	6,828	-	-
Total equity		109,678	100,588	62,973	62,196

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Statements of Changes in Equity

For the financial year ended 31 March 2017

Note	Attributable to owners of the Company				
	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Statutory reserve \$'000
2017					
Group					
Opening balance at 1 April 2016	100,588	57,787	(409)	36,382	6,828
Profit for the year	13,031	-	-	13,031	-
Other comprehensive income					
Foreign currency translation	(1,199)	-	(1,199)	-	-
Other comprehensive income for the year, net of tax	(1,199)	-	(1,199)	-	-
Total comprehensive income for the year	11,832	-	(1,199)	13,031	-
<u>Contributions by and distributions to owners</u>					
Grant of equity-settled share performance awards to employees	1,719	1,719	-	-	-
Dividends on ordinary shares	(4,461)	-	-	(4,461)	-
Total contributions by and distributions to owners	(2,742)	1,719	-	(4,461)	-
<u>Others</u>					
Transfer to statutory reserve	-	-	-	(1,685)	1,685
Total others	-	-	-	(1,685)	1,685
Closing balance at 31 March 2017	109,678	59,506	(1,608)	43,267	8,513

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Statements of Changes in Equity

For the financial year ended 31 March 2017

			Attributable to owners of the Company				
	Note	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Share option reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Statutory reserve \$'000
2016							
Group							
Opening balance at 1 April 2015		95,738	57,787	335	3,883	28,747	4,986
Profit for the year		12,967	-	-	-	12,967	-
Other comprehensive income							
Foreign currency translation		(4,292)	-	-	(4,292)	-	-
Other comprehensive income for the year, net of tax		(4,292)	-	-	(4,292)	-	-
Total comprehensive income for the year		8,675	-	-	(4,292)	12,967	
Contributions by and distributions to owners							
Dividends on ordinary shares	34	(3,825)	-	-	-	(3,825)	-
Others							
Transfer to statutory reserve		-	-	-	-	(1,842)	1,842
Expiry of share options		-	-	(335)	-	335	-
Total others		-	-	(335)	-	(1,507)	1,842
Closing balance at 31 March 2016		100,588	57,787	-	(409)	36,382	6,828

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Statements of Changes in Equity

For the financial year ended 31 March 2017

	Note	Equity, total \$'000	Share capital \$'000	Retained earnings \$'000
2017				
Company				
Opening balance at 1 April 2016		62,196	57,787	4,409
Profit, net of tax and representing other comprehensive income for the year		3,519	-	3,519
Total comprehensive income for the year		3,519	-	3,519
Contributions by and distribution to owners				
Grant of equity-settled share performance awards to employees		1,719	1,719	-
Dividends on ordinary shares	34	(4,461)	-	(4,461)
Total contributions by and distributions to owners		(2,742)	1,719	(4,461)
Closing balance at 31 March 2017		62,973	59,506	3,467

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Statements of Changes in Equity

For the financial year ended 31 March 2017

	Note	Equity, total \$'000	Share capital \$'000	Share option reserve \$'000	Retained earnings \$'000
2016					
Company					
Opening balance at 1 April 2015		61,031	57,787	335	2,909
Profit, net of tax and representing other comprehensive income for the year		4,990	-	-	4,990
Total comprehensive income for the year		4,990	-	-	4,990
<u>Contributions by and distribution to owners</u>					
Dividends on ordinary shares	34	(3,825)	-	-	(3,825)
<u>Others</u>					
Expiry of share options		-	-	(335)	335
Closing balance at 31 March 2016		62,196	57,787	-	4,409

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Consolidated Cash Flow Statement

For the financial year ended 31 March 2017

	Note	Group 2017 \$'000	2016 \$'000
Cash flows from operating activities:			
Profit before taxation		17,664	16,868
Adjustments for:			
Interest income	5	(58)	(99)
Net fair value gain on derivatives	6	-	(6)
(Gain)/loss on disposal of property, plant and equipment	6, 8	(79)	148
Finance costs	7	295	345
Depreciation of property, plant and equipment	8	6,713	7,187
Impairment loss on property, plant and equipment	8	-	15
Property, plant and equipment written off	8	48	558
Amortisation of intangible assets	8	230	298
Amortisation of land use right	8	29	-
Allowance for inventory write-down	8	810	1,151
Inventories written off	8	-	39
Share-based compensation expenses	8	1,719	-
Provision for defined benefit plan		56	56
Currency translation differences		(740)	(2,288)
Operating profit before working capital changes		26,687	24,272
Changes in working capital			
Decrease/(increase) in inventories		629	(960)
Increase in trade and other receivables		(195)	(603)
Decrease/(increase) in prepayments		46	(38)
(Decrease)/increase in trade and other payables		(4,910)	2,200
Total changes in working capital		(4,430)	599
Cash flows from operations		22,257	24,871
Interest paid		(295)	(345)
Interest received		58	99
Income taxes paid		(4,406)	(4,152)
Net cash flows from operating activities		17,614	20,473

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Consolidated Cash Flow Statement

For the financial year ended 31 March 2017

	Note	Group	
		2017 \$'000	2016 \$'000
Cash flows from investing activities:			
Purchases of property, plant and equipment	11	(13,415)	(9,535)
Additions to intangible assets	12	(110)	(209)
Acquisition of land use right	13	(3,388)	-
Down-payments placed for acquisition of plant and machinery		(94)	(857)
Proceeds from disposal of property, plant and equipment		141	171
Investment in available-for-sale financial asset		(80)	-
Currency translation differences		249	294
Net cash flows used in investing activities		(16,697)	(10,136)
Cash flows from financing activities:			
Dividends paid	34	(4,461)	(3,825)
Proceeds from loans and borrowings		6,576	-
Repayment of loans and borrowings		(579)	(2,168)
Repayment of obligations under finance leases		(182)	(138)
Currency translation differences		(82)	57
Net cash flows from/(used in) financing activities		1,272	(6,074)
Net increase in cash and cash equivalents		2,189	4,263
Effect of exchange rate changes on cash and cash equivalents		(532)	(1,273)
Cash and cash equivalents at 1 April		38,952	35,962
Cash and cash equivalents at 31 March	19	40,609	38,952

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

1. CORPORATE INFORMATION

Fischer Tech Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The immediate and ultimate holding company is Harmony (S) Holdings Pte Ltd, incorporated in Singapore.

The registered office and principal place of business of the Company is located at No. 3 Ang Mo Kio Street 62, #02-08, LINK@AMK, Singapore 569139.

The principal activities of the Company are the manufacturing of precision plastic injection moulds, high precision injection moulding, laser marking and decorative finishing for engineering components of automotive, computer peripherals, healthcare and consumer product industries.

The principal activities of the subsidiary companies are disclosed in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 April 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Improvements to FRSs (December 2016)	
– Amendments to FRS 112: <i>Clarification of the Scope of the Standard</i>	1 January 2017
– Amendments to FRS 28: <i>Measuring an Associate or Joint Venture at fair value</i>	1 January 2018
FRS 115: <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109: <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 102: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 40: <i>Transfers of Investment Property</i>	1 January 2018
INT FRS 122: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to FRS 104: <i>Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts</i>	1 January 2018
FRS 116: <i>Leases</i>	1 January 2019
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. A full retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group has carried out preliminary assessment and determined that the revenue recognition policy relating to tooling revenue might be impacted due to adoption of FRS 115. The Group is reviewing the contracts to assess the impact.

The Group plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

(a) *Classification and measurement*

The Group currently measures its available-for-sale unquoted equity security at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 **Standards issued but not yet effective** (cont'd)

FRS 109 Financial Instruments (cont'd)

(b) *Impairment*

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 **Basis of consolidation and business combinations**

(a) *Basis of consolidation*

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

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

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

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

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary company, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.5 *Foreign currency*

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

(a) *Transactions and balances*

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

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Foreign currency (cont'd)

(b) Consolidated financial statements

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

2.6 Property, plant and equipment

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

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

Plant and machinery	-	10 years
Motor vehicles	-	5 years
Other assets	-	3 to 10 years

Other assets include computer equipment, furniture and fixtures, renovation, electrical fittings and other minor assets.

Construction-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Group's other intangible assets have finite useful lives.

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 *Intangible assets* (cont'd)

The estimated useful lives of the acquired intangible assets with finite useful lives are as follows:

Software	–	3 to 5 years
Licensing	–	10 years
Club memberships	–	10 to 14 years
Patent	–	5 years

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the intangible asset is derecognised.

2.8 *Land use right*

Land use right is initially measured at cost. Following initial recognition, land use right is measured at cost less accumulated amortisation. The land use right is amortised on a straight-line basis over the lease term of 39 years.

2.9 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

2.10 *Investments in subsidiary companies*

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

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the financial asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.13 Inventories

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

- Raw materials and packing materials – purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

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

2.14 Cash and cash equivalents

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Borrowing costs

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

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme.

The subsidiary companies incorporated and operating in the People's Republic of China ("PRC") are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary companies' employees.

Contributions to national pension schemes are recognised as an expense in the period in which the related services are performed.

(b) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each defined benefit plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The discount rate is the yield at the reporting date on high quality bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 *Employee benefits* (cont'd)

(b) *Defined benefit plan* (cont'd)

Where the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The calculation is performed tri-annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(d) *Performance share plan*

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in equity, upon the vesting of the share awards.

2.18 *Leases*

As lessee

Finance lease which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, is capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

2.19 *Government grants*

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

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of plastic injection components

Revenue from sale of plastic injection components is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Tooling revenue

Revenue from the manufacture of high precision moulds is recognised on the percentage of completion method. Percentage of completion is measured by reference to the stage of mould manufacturing process.

(c) Interest income

Interest income is recognised using the effective interest method.

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiary companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the consolidated financial statements.

(a) Allowance for inventory write-down

The Group exercised judgement in identifying slow-moving inventories. Based on the slow-moving inventory identified, the Group will then further analyse the slow-moving inventories to identify obsolete inventories after considering a number of factors, including: age of the inventories, procurement and production cycle of the inventories, and the committed orders from customers for finished goods.

Based on management's assessment, an allowance amount has been determined by the Group based on the estimates made. Please refer to Section 3.2(a) for further details.

(b) Adequacy of allowance for trade receivables

The Group assess at each balance sheet date whether there is any objective evidence that a trade debtor is impaired.

Trade receivables allowance assessment requires significant management judgement to identify trade debtors that may be impaired, as well as to determine the amount of allowance for impairment loss required.

To determine whether there is objective evidence of impairment, the Group considers factors such as: aging of the receivables, payment history and receipts subsequent to year-end for overdue debtors, and underlying reasons for the delay in payment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for trade debtors with similar credit risk characteristics.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Allowance for inventory write-down

Based on the obsolete inventories identified, as discussed in Note 3.1(a), the Group provides allowance for inventory write-down for end-of-life inventories that are not expected to be sold above their cost.

This review requires management to consider the future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the end of the financial year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance for write-down to net realisable value include ageing analysis, technical assessment and subsequent events.

(b) Impairment of goodwill, plant and equipment, and cost of investments in subsidiary companies

The Group and Company determine whether there are any indications of impairment in goodwill and plant and equipment, and investments in subsidiary companies at least on an annual basis. When indicators of impairment exist, recoverable amount assessment is made based on the value in use method. This requires management to make an estimate of the expected future cash flows, growth rate of the business based on the industry average and an estimate of the relevant weighted average cost of capital as a discount rate.

The recoverable amounts are determined based on value in use calculations, and the value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the estimated revenue growth and estimated gross profit margin used for the discounted cash flow model. The carrying amount of the Group's goodwill and plant and equipment as at 31 March 2017 is \$5,212,000 (2016: \$5,212,000) and \$38,126,000 (2016: \$30,736,000) respectively. There was no impairment charge on investments in subsidiary companies for the financial year ended 31 March 2017 and 2016. The carrying amount of the Company's investments in subsidiary companies as at 31 March 2017 is \$27,121,000 (2016: \$27,121,000).

4. REVENUE

Revenue represents net invoiced value of goods supplied and percentage of work completed for sale of moulds, and it is shown net of related sales taxes, estimated returns, discounts and volume rebates.

	Group	
	2017 \$'000	2016 \$'000
Sale of plastic injection components	166,859	176,690
Tooling revenue	11,227	11,254
	<u>178,086</u>	<u>187,944</u>

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

5. INTEREST INCOME

	Group	
	2017	2016
	\$'000	\$'000
Interest income from:		
– Cash and short-term deposits	58	99

6. OTHER INCOME

	Group	
	2017	2016
	\$'000	\$'000
Foreign exchange gain	1,551	726
Gain on disposal of scrap materials	214	288
Government grants *	211	268
Gain on disposal of property, plant and equipment	79	–
Grant from International Enterprise Singapore	–	48
Fair value gain on derivatives	–	6
Other miscellaneous income	70	305
	2,125	1,641

* Government grants include Productivity and Innovation Credit Cash Payout, Wage Credit, Special Employment Credit and Temporary Employment Credit introduced in the Singapore Budget.

7. FINANCE COSTS

	Group	
	2017	2016
	\$'000	\$'000
Interest expense on:		
– Bank loans and borrowings	270	326
– Obligations under finance leases	25	19
	295	345

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

8. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Note	Group	
		2017 \$'000	2016 \$'000
Depreciation of property, plant and equipment	11	6,713	7,187
Impairment loss on property, plant and equipment	11	-	15
Amortisation of intangible assets	12	230	298
Amortisation of land use right	13	29	-
Allowance for inventory write-down	16	810	1,151
Inventories written off	16	-	39
Property, plant and equipment written off		48	558
Loss on disposal of property, plant and equipment		-	148
Share-based compensation expenses		1,719	-
Audit fees:			
- Auditors of the Company		145	131
- Other auditors		158	152
Non-audit fees:			
- Other auditors		15	138

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2017 and 2016 are:

	Group	
	2017 \$'000	2016 \$'000
Consolidated income statement:		
Current income tax:		
- Current income taxation	4,648	3,937
- (Over)/under provision in respect of prior years	(19)	88
	4,629	4,025
Deferred income tax (Note 23):		
- Origination and reversal of temporary differences	2	(153)
- Under provision in respect of prior years	2	29
	4	(124)
Income tax expense recognised in profit or loss	4,633	3,901

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

9. TAXATION (cont'd)

Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2017 and 2016 is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Profit before taxation	17,664	16,868
Tax at the domestic rates applicable to profits in the countries where the Group operates	4,355	3,318
Adjustments:		
Non-deductible expenses	301	202
Income not subject to taxation	(41)	(42)
Effect of partial tax exemption and tax relief	(719)	(997)
Benefits from previously unrecognised deferred tax assets	(410)	-
Deferred tax assets not recognised	1,164	1,303
(Over)/under provision in respect of prior years	(17)	117
Income tax expense recognised in profit or loss	4,633	3,901

The corporate income tax rate applicable to the Singapore companies of the Group is 17% (2016: 17%).

Subsidiary companies incorporated in People's Republic of China ("PRC"), Thailand and Malaysia are subject to corporate income tax rates of 25%, 20% and 24% (2016: 25%, 20% and 24%) respectively.

A subsidiary company incorporated in PRC was granted the High and New Technology Enterprise status with effect from 5 August 2014 for a duration of 3 years and hence, is subjected to an incentive tax rate of 15% for the local statutory financial year ended 31 December 2016. The incentive has expired on 1 January 2017. Management has applied for the extension of the certificate. The application is currently under review by the tax bureau.

A subsidiary company incorporated in Thailand has received promotional privileges from Thailand's Board of Investment for manufacture of precision plastic injection mould parts for electronic products on 11 March 2013. Certain of its qualified operating profits are exempt from corporate income tax for 8 years.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 March:

	Group	
	2017 \$'000	2016 \$'000
Profit for the year, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	13,031	12,967
	Number of shares	
	2017 '000	2016 '000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	55,485	54,641

The weighted average number of shares takes into account the weighted average effect of ordinary shares issued under performance share plan during the year.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery \$'000	Motor vehicles \$'000	Other assets \$'000	Construction- in-progress \$'000	Total \$'000
Group					
Cost:					
At 1 April 2015	67,586	1,762	25,033	106	94,487
Transfers	-	-	106	(106)	-
Additions ^	5,988	443	3,266	206	9,903
Disposals and write-offs	(4,769)	(194)	(4,997)	-	(9,960)
Exchange differences	(2,912)	(43)	(1,341)	(8)	(4,304)
At 31 March 2016 and 1 April 2016	65,893	1,968	22,067	198	90,126
Transfers	-	-	188	(188)	-
Reclass	-	-	-	(10)	(10)
Additions ^	3,089	-	2,068	9,133	14,290
Disposals and write-offs	(688)	(316)	(151)	-	(1,155)
Exchange differences	(555)	4	(531)	(126)	(1,208)
At 31 March 2017	67,739	1,656	23,641	9,007	102,043
Accumulated depreciation and impairment:					
At 1 April 2015	46,670	1,148	16,349	-	64,167
Impairment	15	-	-	-	15
Depreciation charge for the year	3,892	313	2,982	-	7,187
Disposals and write-offs	(4,166)	(190)	(4,727)	-	(9,083)
Exchange differences	(2,046)	(24)	(826)	-	(2,896)
At 31 March 2016 and 1 April 2016	44,365	1,247	13,778	-	59,390
Depreciation charge for the year	3,968	305	2,440	-	6,713
Disposals and write-offs	(627)	(268)	(150)	-	(1,045)
Exchange differences	(695)	3	(449)	-	(1,141)
At 31 March 2017	47,011	1,287	15,619	-	63,917
Net carrying amount:					
At 31 March 2016	21,528	721	8,289	198	30,736
At 31 March 2017	20,728	369	8,022	9,007	38,126

^ Additions of \$14,290,000 (2016: \$9,903,000) included an amount of deposit of \$875,000 (2016: \$368,000) paid in the previous financial year.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant and machinery \$'000	Motor vehicles \$'000	Other assets \$'000	Total \$'000
Company				
Cost:				
At 1 April 2015	165	950	1,913	3,028
Transfer to a subsidiary company	-	-	(3)	(3)
Additions	15	40	247	302
Disposals and write-offs	-	(65)	(1,340)	(1,405)
At 31 March 2016 and 1 April 2016	180	925	817	1,922
Additions	-	-	2	2
Disposals and write-offs	-	(315)	(92)	(407)
At 31 March 2017	180	610	727	1,517
Accumulated depreciation and impairment:				
At 1 April 2015	67	577	1,682	2,326
Depreciation charge for the year	14	160	135	309
Transfer to a subsidiary company	-	-	(3)	(3)
Disposals and write-offs	-	(65)	(1,318)	(1,383)
At 31 March 2016 and 1 April 2016	81	672	496	1,249
Depreciation charge for the year	14	155	56	225
Disposals and write-offs	-	(268)	(91)	(359)
At 31 March 2017	95	559	461	1,115
Net carrying amount:				
At 31 March 2016	99	253	321	673
At 31 March 2017	85	51	266	402

Construction-in-progress

The Group's construction-in-progress relates to a factory building and machineries acquired but not yet available for use, and cost incurred in the course of renovating the leasehold properties.

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from a bank loan borrowed specifically for the purpose of the acquisition of a building. During the financial year, the borrowing costs capitalised as cost of property, plant and equipment amounted to \$91,000 (2016: \$Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.75% (2016: Nil) which is the effective interest rate of the specific borrowing.

Assets held under finance leases

During the financial year, there was no property, plant and equipment acquired by means of finance leases (2016: Nil). The cash outflow on acquisition of property, plant and equipment amounted to \$13,415,000 (2016: \$9,535,000).

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Assets held under finance leases (cont'd)

Leased assets are pledged as security for the related finance lease liabilities. Included in property, plant and equipment are assets under finance leases as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net carrying value of motor vehicles	39	271	27	222
Net carrying value of plant and machinery	10	15	-	-

Impairment of assets

There was no impairment loss recognised for the financial year ended 31 March 2017 (2016: S\$15,000).

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill \$'000	Other intangible assets				Total \$'000
		Software \$'000	Licensing \$'000	Patent \$'000	Club memberships \$'000	
Group						
Cost:						
At 1 April 2015	5,212	1,848	153	77	66	7,356
Additions ^	-	196	-	39	-	235
Write-offs	-	(81)	(50)	-	-	(131)
Exchange differences	-	(103)	-	-	(1)	(104)
At 31 March 2016 and 1 April 2016	5,212	1,860	103	116	65	7,356
Additions ^	-	110	-	-	-	110
Exchange differences	-	(26)	-	-	-	(26)
At 31 March 2017	5,212	1,944	103	116	65	7,440
Accumulated amortisation:						
At 1 April 2015	-	1,305	152	10	36	1,503
Amortisation	-	221	1	71	5	298
Write-offs	-	(81)	(50)	-	-	(131)
Exchange differences	-	(75)	-	-	(1)	(76)
At 31 March 2016 and 1 April 2016	-	1,370	103	81	40	1,594
Amortisation	-	201	-	23	6	230
Exchange differences	-	(18)	-	-	-	(18)
At 31 March 2017	-	1,553	103	104	46	1,806
Net carrying amount:						
At 31 March 2016	5,212	490	-	35	25	5,762
At 31 March 2017	5,212	391	-	12	19	5,634

^ Additions of \$110,000 (2016: \$235,000) included an amount of deposit of \$Nil (2016: \$26,000) paid in the previous financial year.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

12. GOODWILL AND OTHER INTANGIBLE ASSETS (cont'd)

	Other intangible assets			Total \$'000
	Software \$'000	Licensing \$'000	Club memberships \$'000	
Company				
Cost:				
At 1 April 2015	300	153	60	513
Additions	63	-	-	63
Write-offs	(81)	(50)	-	(131)
At 31 March 2016	282	103	60	445
Additions	8	-	-	8
At 31 March 2017	290	103	60	453
Accumulated amortisation:				
At 1 April 2015	300	152	33	485
Amortisation	10	1	4	15
Write-offs	(81)	(50)	-	(131)
At 31 March 2016 and 1 April 2016	229	103	37	369
Amortisation	23	-	5	28
At 31 March 2017	252	103	42	397
Net carrying amount:				
At 31 March 2016	53	-	23	76
At 31 March 2017	38	-	18	56

Remaining amortisation period

Software, patent and club memberships of the Group have respective remaining amortisation period of 0.1 to 4.9 years (2016: 0.1 to 4.8 years), 0.5 years (2016: 1.5 years) and 2.9 to 4.2 years (2016: 3.9 to 5.2 years).

Software and club memberships of the Company have respective remaining amortisation period of 1.5 to 2.0 years (2016: 2.5 years) and 4.2 years (2016: 5.2 years).

Amortisation expense

The amortisation of "software" is included in the "Cost of sales" and "Administrative expenses" line items in profit or loss. The amortisation of "licensing", "patent" and "club memberships" is included in the "Administrative expenses" line item in profit or loss.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

12. GOODWILL AND OTHER INTANGIBLE ASSETS (cont'd)

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to the Group's business units, for impairment testing. All of them are within the "High precision plastic injection" segment, which is also a reportable segment.

The CGUs with significant goodwill balances are:

	Group	
	2017	2016
	\$'000	\$'000
Fischer Technology Pte Ltd	3,735	3,735
Fischer Tech (Thailand) Co., Ltd	939	939
M-Fischer Tech Sdn Bhd	468	468

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by board of directors covering a one-year period. The forecasted growth rates used to extrapolate cash flow projections beyond the one-year period are as follows:

	High precision plastic injection	
	2017	2016
	%	%
Growth rate – 2 to 5 years	5.00	5.00

Growth rate beyond the fifth year is assumed to be minimal.

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on approved budget for the next financial year.

Growth rate – The forecasted growth rate used is based on management expectation of the long-term average growth rate of the industry.

Pre-tax discount rate – Discount rates represent the current market assessment of the risks specific to each CGU, ranging from 9.60% to 12.30%, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC).

Sensitivity to changes in assumptions

Management believes that no reasonable possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount, except for the impairment test of goodwill allocated to Fischer Technology Pte Ltd. There will be an impairment loss of \$456,000 if the assumed gross profit margin and growth rate (for 2nd to 5th year) deviate from the budgeted gross profit margin and forecasted growth rate by 1.3% and 3.0% respectively.

Impairment loss recognised

There was no impairment loss recognised for the financial year ended 31 March 2017 and 2016.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

13. LAND USE RIGHT

	Group 2017 \$'000
Cost:	
Addition during the year	3,388
Exchange differences	(44)
At 31 March 2017	3,344
Accumulated amortisation:	
Amortisation	29
At 31 March 2017	29
Net carrying amount	3,315
Amount to be amortised:	
- Not later than one year	87
- Later than one year but not later than five years	347
- Later than five years	2,881

The Group has land use right over the state-owned land in People's Republic of China ("PRC") where the Group's PRC manufacturing and storage facilities reside. The land use right is not transferable and have a remaining tenure of 38 years (2016: N/A).

14. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2017 \$'000	2016 \$'000
Unquoted shares, at cost	33,001	33,001
Impairment losses	(5,880)	(5,880)
	27,121	27,121

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

14. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Composition of the Group

The Group has the following investments in subsidiary companies:

Name of company		Country of incorporation	Principal activities	Percentage of equity held by the Group	
				2017 %	2016 %
Held by the Company					
#	Fischer Tech International Pte Ltd	Singapore	Investment holding	100	100
#	Fischer Medtech Pte Ltd	Singapore	Manufacture of high precision plastic components	100	100
#	Fischer Technology Pte Ltd	Singapore	Manufacture of IML plastic components	100	100
@	Fischer Tech (Thailand) Co., Ltd	Thailand	Manufacture of high precision moulds and plastic components	100	100
@	M-Fischer Tech Sdn Bhd	Malaysia	Manufacture of high precision moulds and plastic components	100	100
Held through Fischer Tech International Pte Ltd					
*@	Fischer Tech (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision moulds and plastic components	100	100
^@	Fischer Solution (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision plastic components	100	100
Held through Fischer Tech (Suzhou) Co., Ltd					
*@†	Fischer Advanced Technology (Suzhou) Co., Ltd	People's Republic of China	Manufacture of high precision moulds and plastic components	100	–

Audited by Ernst & Young LLP, Singapore.

@ Audited by member firms of EY Global in the respective countries for the purpose of consolidation.

* Audited by Welsen Certified Public Accountants Co., Ltd for local statutory audit purpose.

^ Audited by Suzhou Fangben Certified Public Accountants for local statutory audit purpose.

† The Company was incorporated on 30 June 2016 and has not commenced its operations as at 31 March 2017. The Company is held by Fischer Tech (Suzhou) Co., Ltd and Fischer Tech International Pte Ltd with ownership interest of 75% and 25% respectively.

Impairment testing of investments in subsidiary companies with indication of impairment

The recoverable amount was determined based on the subsidiary company's value in use calculation using the same assumptions as disclosed in Note 12. Based on the impairment test for cost of investment in M-Fischer Tech Sdn Bhd, there will be an impairment loss of \$252,000 if the assumed gross profit margin and growth rate deviate from the budgeted gross profit margin and forecasted growth rate by 0.7% and 3.0% respectively.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

15. LOANS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2017	2016
	\$'000	\$'000
Loans due from subsidiary companies	19,222	19,591

The non-current loans due from subsidiary companies are non-trade related. These long-term loans have no repayment terms and are repayable only when cash flows of the subsidiary companies permit. However, these are not expected to be repaid within the next twelve months. Accordingly, the fair values are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

Included in loans due from subsidiary companies is \$2,500,000 (2016: \$2,500,000) which bears interest at 5.21% (2016: 5.69%) per annum.

16. INVENTORIES

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Balance sheet:				
Inventories	19,864	21,337	37	133
Less: Allowance for inventory write-down	(874)	(908)	-	(5)
	18,990	20,429	37	128
Finished goods	8,125	8,908	34	119
Work-in-progress	4,851	5,490	-	2
Raw materials	5,907	5,856	3	7
Packing materials	107	175	-	-
	18,990	20,429	37	128

	Group	
	2017	2016
	\$'000	\$'000
Consolidated income statement:		
Inventories recognised as an expense in cost of sales	72,521	77,970
Inclusive of the following charges:		
- Allowance for inventory write-down (Note 8)	810	1,151
- Inventories written off (Note 8)	-	39

The allowance for inventory write-down was made based on lower of cost and net realisable values of the inventories. The Group has written off inventories when the related inventories were identified as obsolete.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables due from external parties, net of allowances	41,026	41,844	7,339	7,157
Accrued revenue	4,548	5,042	242	370
Amounts due from subsidiary companies	-	-	504	1,162
Total trade receivables	45,574	46,886	8,085	8,689
Deposits	400	450	19	52
Sundry receivables – third parties	1,757	190	-	-
Sundry receivables – subsidiary companies	-	-	440	555
Total trade and other receivables	47,731	47,526	8,544	9,296
Add: Loans due from subsidiary companies (Note 15)	-	-	19,222	19,591
Add: Cash and short-term deposits (Note 19)	40,609	38,952	18,051	15,462
Less: Accrued revenue	(4,548)	(5,042)	(242)	(370)
Total loans and receivables	83,792	81,436	45,575	43,979

Trade receivables due from external parties

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

Amounts due from subsidiary companies

Amounts due from subsidiary companies are trade related, unsecured and are generally on 30 to 90 days' terms. These amounts are to be settled in cash.

Included in amounts due from subsidiary companies is \$Nil (2016: \$425,000) which bear interest at Nil (2016: 5.69%) per annum.

Trade receivables denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollar	28,142	27,470	7,403	7,352
Euro	2,992	1,310	-	-

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

17. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to \$6,630,000 (2016: \$10,190,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017 \$'000	2016 \$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	5,079	6,817
30 to 60 days	1,430	1,993
61 to 90 days	14	121
91 to 120 days	56	1,251
More than 120 days	51	8
	<u>6,630</u>	<u>10,190</u>

Trade receivables that are impaired

There were no trade receivables impaired at the end of the reporting period (2016: \$Nil).

Sundry receivables

Sundry receivables due from third parties are unsecured, non-interest bearing and repayable upon demand.

Sundry receivables due from subsidiary companies are unsecured and \$Nil (2016: \$345,000) bear interest at Nil (2016: 4.00%) per annum.

18. OTHER ASSETS

	Group	
	2017 \$'000	2016 \$'000
Down-payments placed for the acquisition of plant and machinery	<u>112</u>	<u>894</u>

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

19. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash at banks and on hand	32,513	32,373	9,955	8,883
Short-term deposits	8,096	6,579	8,096	6,579
Cash and short-term deposits	40,609	38,952	18,051	15,462

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are renewed on a weekly or monthly basis, depending on the immediate cash requirements of the Group and the Company and earn interests at the respective short-term deposit rates.

Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
United States Dollar	12,204	12,151	2,122	4,392
Euro	1,533	1,133	2	2

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade payables due to external parties	20,773	25,527	95	128
Amounts due to subsidiary companies	-	-	3,708	3,350
Total trade payables	20,773	25,527	3,803	3,478
Employee related payables	8,945	9,329	4,343	4,119
Accrued expenses	2,149	1,972	761	863
Other payables	151	100	83	-
Total trade and other payables	32,018	36,928	8,990	8,460
Add: Loans and borrowings (Note 21)	13,230	7,458	1,605	1,755
Total financial liabilities carried at amortised cost	45,248	44,386	10,595	10,215

Trade payables due to external parties

Trade payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

Amounts due to subsidiary companies

Amounts due to subsidiary companies are trade related, unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms. These amounts are to be settled in cash.

The carrying amounts of trade and other payables approximate their fair value due to their short-term nature.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

20. TRADE AND OTHER PAYABLES (cont'd)

Trade payables denominated in foreign currencies at 31 March are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
United States Dollar	3,084	5,253	3,679	3,386
Euro	33	58	-	-

21. LOANS AND BORROWINGS

	Effective interest rate per annum	Maturity (Calendar year)	Group		Company	
			2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current:						
Obligations under finance leases – secured (Note 29(c))	3.66% – 8.16% (2016: 3.66% – 8.16%)	2017	71	106	46	74
Bank loans:						
– SGD bank loans, unsecured	2.25% – 3.38% (2016: 2.62% – 3.69%)	2017	3,200	3,400	1,500	1,500
– Malaysian Ringgit bank loans, unsecured	5.80% - 5.81% (2016: 6.11% – 6.19%)	2017	601	888	–	–
– Thai Baht bank loans, unsecured	2016: 5.35%	2016	–	151	–	–
– USD bank loans, unsecured	4.28% - 4.32% (2016: 3.06% – 3.84%)	2017	2,794	2,692	–	–
Total current amount			6,666	7,237	1,546	1,574
Non-current:						
Obligations under finance leases – secured (Note 29(c))	3.66% (2016: 3.66% – 8.16%)	2019	75	221	59	181
Renminbi bank loan, unsecured *	4.75%	2021	6,489	–	–	–
Total non-current amount			6,564	221	59	181
Total loans and borrowings			13,230	7,458	1,605	1,755

* During the financial year, a subsidiary in the People's Republic of China obtained a bank loan amounting to \$6,489,000 to finance the acquisition of a factory building in Suzhou. The loan bears interest at the bank's prevailing market interest rate, and matures in December 2021.

Included in total loans and borrowings is an amount of \$9,884,000 (2016: \$3,731,000) that was obtained with corporate guarantees issued by the Company.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

22. DEFINED BENEFIT PLAN

A subsidiary in Thailand recorded long-term employee benefits liabilities in respect of severance payments to be paid to employees upon retirement under the Labour Protection Act.

The amount included in the consolidated balance sheet arising from the subsidiary's obligation in respect of its defined benefit plans is as follows:

	Group	
	2017	2016
	\$'000	\$'000
Present value of defined benefit obligation	429	351
Net liability arising from defined benefit obligation	429	351

Changes in present value of the defined benefit obligation are as follow:

	Group	
	2017	2016
	\$'000	\$'000
As at 1 April	351	326
Current service cost	44	45
Interest cost	12	11
Exchange differences	22	(31)
As at 31 March	429	351

The cost of defined benefit plan as well as the present value of the obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the benefit obligations for the defined benefit plan are shown below:

	Group	
	2017	2016
Discount rate	4.1%	4.1%
Salary increase rate	4.0% – 10.0%	4.0% – 10.0%
Turnover rate	10.0% – 18.0%	10.0% – 18.0%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period:

	Group 2017 \$'000
Discount rate	
Increase by 1%	(30)
Decrease by 1%	34
Salary increase rate	
Increase by 1%	44
Decrease by 1%	(38)
Turnover rate	
Increase by 20% of base in each age	(49)
Decrease by 20% of base in each age	67

The subsidiary company expects to contribute \$40,000 (2016: \$44,000) to the defined benefit plan in 2017.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2016: 15 years).

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

23. DEFERRED TAX

Deferred tax as at 31 March relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred tax assets	591	495		
Deferred tax liabilities	(658)	(545)		
Net deferred tax	(67)	(50)		
Deferred tax assets:				
Differences in depreciation	373	194	(187)	282
Provisions	229	314	80	(250)
Unutilised tax incentives	486	611	107	(130)
	1,088	1,119	-	(98)
Deferred tax liabilities:				
Differences in depreciation	559	652	(75)	11
Provisions	-	-	-	14
Undistributed earnings of subsidiary company	596	517	79	(51)
	1,155	1,169	4	(26)
Net deferred tax	(67)	(50)		
Deferred tax expense/(credit) (Note 9)			4	(124)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately \$18,415,000 (2016: \$12,674,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiary companies

At the end of the reporting period, \$596,000 (2016: \$517,000) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiary companies, on the following basis:

- The Group has determined that approximately 30% (2016: 30%) of the earnings of its subsidiary companies, which are subjected to withholding tax, will be distributed in the foreseeable future based on historical trend.

Such temporary differences on the remaining earnings for which no deferred tax liability has been recognised, aggregate to \$27,801,000 (2016: \$24,118,000). The deferred tax liability is estimated to be \$1,390,000 (2016: \$1,767,000).

Tax consequences of proposed dividends

There are no income tax consequences (2016: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

24. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares				
At 1 April	54,641	57,787	273,205	57,787
Share consolidation *	-	-	(218,564)	-
Total shares after consolidation	54,641	57,787	54,641	57,787
Performance shares vested during the year (Note 27)	1,120	1,719	-	-
At 31 March	55,761	59,506	54,641	57,787

* On 1 September 2015, the Company completed the share consolidation of every five existing issued shares into one ordinary share in the capital of the Company. As a result of the share consolidation, the total issued share capital of the Company has been consolidated into 54,640,986 shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

25. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiary companies whose functional currencies are different from that of the Group's presentation currency.

26. STATUTORY RESERVE

Statutory reserve is contributed by the Group's subsidiary companies established in the People's Republic of China ("PRC") and Thailand.

In accordance with laws and regulations in the PRC, the Group's subsidiary companies established in PRC are required to appropriate not less than 10% of its profit after tax to the statutory reserve until the cumulative reserve balance reaches 50% of the subsidiary companies' registered capital. Accordingly, a portion of the profits has been transferred to the statutory reserve.

Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiary companies. The reserve is not available for dividend distribution to shareholders.

For the Group's subsidiary company established in Thailand, under the Public Company Limited Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5% of its profit before tax, after deducting accumulated deficit brought forward (if any), at each distribution of dividends, until the reserve reaches 10% of its registered share capital. This reserve cannot be used to pay dividend.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

27. EMPLOYEE BENEFITS

	Group	
	2017	2016
	\$'000	\$'000
Employee benefits expense (including directors):		
Salaries and bonuses	40,654	44,150
Defined contribution plans	3,335	3,505
Share-based compensation expenses	1,719	-
Other employee benefits	2,683	2,985
	<u>48,391</u>	<u>50,640</u>

Performance share plan

During the financial year, the Company established the performance share plan where performance share awards are granted to selected employees of the Group. The awards are granted to retain employees whose contributions are essential to the well-being and prosperity of the Group, and to give recognition for the employees' contribution to the growth of the Group. The awards are settled by delivery of the Company's shares.

On 30 June 2016, the Company has granted 1,120,000 shares of \$1.535 each, under the performance share plan. All shares were vested on the grant date.

28. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2017	2016
	\$'000	\$'000
Related party		
Consultancy fees paid to a director	<u>180</u>	<u>180</u>

(b) Compensation of key management personnel

	Group	
	2017	2016
	\$'000	\$'000
Directors' fees	308	308
Short-term employee benefits	7,366	7,217
Share-based compensation expenses	1,590	-
Defined contribution plans	124	115
Total compensation paid to key management personnel	<u>9,388</u>	<u>7,640</u>
Comprise amounts paid to		
- Directors of the Company	5,017	4,392
- Other key management personnel	4,371	3,248
	<u>9,388</u>	<u>7,640</u>

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

29. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2017 \$'000	2016 \$'000
Capital commitments in respect of plant and equipment	742	1,365

(b) Operating lease commitments - as lessee

The Group has entered into commercial leases principally for land rent, office and production floor with remaining lease terms of 1 to 3 years. The operating leases do not contain any escalation clauses and do not provide for contingent rents.

Certain leases include renewal options for additional lease period of up to 3 years at rental rates to be based on negotiation or prevailing market conditions. There are no restrictions placed upon the Group by entering into these leases. Rental expense (principally for factory building) was \$3,306,000 (2016: \$3,748,000) for the financial year ended 31 March 2017.

Future minimum lease payments for all leases with remaining terms of one year or more at the end of the reporting period are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Not later than one year	2,404	1,497	788	778
Later than one year but not later than five years	1,513	3,025	105	887
	3,917	4,522	893	1,665

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

29. COMMITMENTS (cont'd)

(c) *Finance lease commitments - as lessee*

The Group has finance leases for certain items of plant and equipment and motor vehicles (Note 11).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2017 \$'000	Present value of lease liabilities 2017 \$'000	Minimum lease payments 2016 \$'000	Present value of lease liabilities 2016 \$'000
Group				
Not later than one year	79	71	120	106
Later than one year but not later than five years	85	75	254	221
Total minimum lease payments	164	146	374	327
Less: amounts representing finance charges	(18)	-	(47)	-
Present value of minimum lease payments	146	146	327	327
Company				
Not later than one year	52	46	85	74
Later than one year but not later than five years	67	59	209	181
Total minimum lease payments	119	105	294	255
Less: amounts representing finance charges	(14)	-	(39)	-
Present value of minimum lease payments	105	105	255	255

These leases do not contain terms of renewal or purchase options or escalation clauses. There are no restrictions placed upon the Group by entering into these leases.

The finance leases bear effective interest ranging from 3.66% to 8.16% (2016: 3.66% to 8.16%) per annum and expire between 2017 and 2019.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Company			
	Carrying amount 2017 \$'000	Fair value 2017 \$'000	Carrying amount 2016 \$'000	Fair value 2016 \$'000
Financial assets:				
Loans due from subsidiary companies (Note 15)	19,222	*	19,591	*

* Loans due from subsidiary companies (Note 15)

The loans due from subsidiary companies are long-term loans with no repayment terms and are repayable only when cash flows of the subsidiary companies permit. Accordingly, the fair values are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken except for the use as hedging instruments, where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks, or the manner in which it manages and measures the risks.

(a) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar (SGD), Chinese Renminbi (RMB), Thai Baht (Baht) and Malaysian Ringgit (Ringgit). The foreign currencies in which these transactions are denominated are mainly in United States Dollars (USD). Approximately 69% (2016: 64%) of the Group's sales are denominated in foreign currencies, whilst almost 65% (2016: 76%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly denominated in USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, Euro and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group Impact to profit before tax	
		2017 \$'000	2016 \$'000
USD/SGD	- strengthened 5% (2016: 5%)	+384	+499
	- weakened 5% (2016: 5%)	-384	-499
USD/RMB	- strengthened 5% (2016: 5%)	+1,354	+1,222
	- weakened 5% (2016: 5%)	-1,354	-1,222
Euro/RMB	- strengthened 5% (2016: 5%)	+221	+167
	- weakened 5% (2016: 5%)	-221	-167
SGD/Ringgit	- strengthened 5% (2016: 5%)	-146	-183
	- weakened 5% (2016: 5%)	+146	+183

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of not more than 6 months (2016: not more than 6 months) from the end of the reporting period.

The Group manages interest rate risk by entering into short-term loans and borrowings for working capital purposes which allow the interest rate to be re-priced at intervals not more than 6 months (2016: not more than 6 months).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 45 (2016: 45) basis points higher/lower with all other variables held constant, the Group's profit before tax would have been \$59,000 (2016: \$32,000) lower/higher. This arises mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

(c) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's liquidity risk management policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term.

At the end of the reporting period, approximately 50.4% (2016: 97.0%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. 96.3% (2016: 89.7%) of the Company's loans and borrowings will mature in less than one year at the end of the reporting period.

The Group assessed it has sufficient cashflows to meet its obligations, and further assessed the risk with respect to refinancing its debt and concluded it to be low. Access to sources of financing is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) **Liquidity risk** (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2017 \$'000			2016 \$'000		
	One year or less	One to five years	Total	One year or less	One to five years	Total
Group						
Financial assets:						
Trade and other receivables	43,183	-	43,183	42,484	-	42,484
Cash and short-term deposits	40,609	-	40,609	38,952	-	38,952
Total undiscounted financial assets	83,792	-	83,792	81,436	-	81,436
Financial liabilities:						
Trade and other payables	32,018	-	32,018	36,928	-	36,928
Loans and borrowings	7,019	7,530	14,549	7,321	254	7,575
Total undiscounted financial liabilities	39,037	7,530	46,567	44,249	254	44,503
Total net undiscounted financial assets/(liabilities)	44,755	(7,530)	37,225	37,187	(254)	36,933

	2017 \$'000				2016 \$'000			
	One year or less	One to five years	More than five years	Total	One year or less	One to five years	More than five years	Total
Company								
Financial assets:								
Trade and other receivables	8,302	-	-	8,302	8,926	-	-	8,926
Loans due from subsidiary companies	-	-	19,222 *	19,222	-	-	19,591 *	19,591
Cash and short-term deposits	18,051	-	-	18,051	15,462	-	-	15,462
Total undiscounted financial assets	26,353	-	19,222	45,575	24,388	-	19,591	43,979
Financial liabilities:								
Trade and other payables	8,990	-	-	8,990	8,460	-	-	8,460
Loans and borrowings	1,554	67	-	1,621	1,604	209	-	1,813
Total undiscounted financial liabilities	10,544	67	-	10,611	10,064	209	-	10,273
Total net undiscounted financial assets/(liabilities)	15,809	(67)	19,222	34,964	14,324	(209)	19,591	33,706

* The loans due from subsidiary companies are not expected to be repaid in the foreseeable future. Hence, the estimated interest receivables have been excluded in the undiscounted repayment obligations.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2017		2016	
	\$'000	% of total	\$'000	% of total
Asia Pacific	19,362	47.2	19,185	45.9
America	15,442	37.6	15,914	38.0
Europe	5,167	12.6	5,626	13.4
Singapore	1,055	2.6	1,119	2.7
	41,026	100.0	41,844	100.0

At the end of the reporting period, approximately 38.1% (2016: 43.9%) of the Group's trade receivables were due from 5 major customers who are multi-national companies.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2017 and 31 March 2016.

As disclosed in Note 26, subsidiary companies of the Group are required by laws and regulations to contribute to and maintain a non-distributable statutory reserve. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary companies for the financial years ended 31 March 2017 and 31 March 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at not more than 60%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company less the above-mentioned restricted statutory reserve.

	Group	
	2017	2016
	\$'000	\$'000
Loans and borrowings (Note 21)	13,230	7,458
Trade and other payables (Note 20)	32,018	36,928
Less: Cash and short-term deposits (Note 19)	(40,609)	(38,952)
<i>Net debt</i>	4,639	5,434
Equity attributable to owners of the Company	109,678	100,588
Less: Statutory reserve (Note 26)	(8,513)	(6,828)
<i>Total capital</i>	101,165	93,760
Capital and net debt	105,804	99,194
Gearing ratio	4.4%	5.5%

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- (1) The high precision plastic injection ("plastic injection") segment manufactures plastic components used in products for the automotive, computer peripheral, healthcare and consumer product industries.
- (2) The mould design and fabrication ("tooling") segment manufactures moulds used in the manufacture of plastic injection components.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an agreed term basis in a manner similar to transactions with third parties.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

33. SEGMENT INFORMATION (cont'd)

	Plastic injection		Tooling		Adjustments and eliminations		Note	Per consolidated financial statements	
	2017	2016	2017	2016	2017	2016		2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
Sales to external customers	166,859	176,690	11,227	11,254	-	-		178,086	187,944
Results:									
Interest income	45	80	13	19	-	-		58	99
Depreciation and amortisation	6,583	7,075	389	410	-	-		6,972	7,485
Other non-cash expenses	2,575	1,792	58	27	-	-	A	2,633	1,819
Finance cost	289	339	6	6	-	-		295	345
Segment profit	17,022	16,105	642	763	-	-		17,664	16,868
Assets:									
Available-for-sale investment	80	-	-	-	-	-		80	-
Additions to non-current assets	17,537	10,016	251	122	-	-	B	17,788	10,138
Segment assets	147,151	137,536	9,226	8,589	591	495	C	156,968	146,620
Segment liabilities	43,222	42,814	2,455	1,923	1,613	1,295	D	47,290	46,032

A Other non-cash expenses consist of allowance for inventory write-down, inventories written off, share-based compensation expenses, property, plant and equipment written off, impairment loss on property, plant and equipment, and provision for defined benefit plan as presented in the respective notes to the financial statements.

B Additions to non-current assets consist of additions to property, plant and equipment, intangible assets and land use right.

C The following item is added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2017 \$'000	2016 \$'000
Deferred tax assets	591	495

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2017 \$'000	2016 \$'000
Deferred tax liabilities	658	545
Income tax payable	955	750
	1,613	1,295

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Notes to the Financial Statements

For the financial year ended 31 March 2017

33. SEGMENT INFORMATION (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of operations are as follows:

	Revenue		Non-current assets	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
China	118,569	121,598	28,125	15,990
Malaysia	26,017	25,581	4,733	4,498
Thailand	21,179	21,477	7,371	8,344
Singapore	12,321	19,288	6,926	7,666
	178,086	187,944	47,155	36,498

Non-current assets information presented above consist of property, plant and equipment, available-for-sale investment, goodwill and other intangible assets and land use right as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amount to \$27,651,000 (2016: \$25,147,000), of which \$26,385,000 (2016: \$24,448,000) arises from the plastic injection segment and \$1,266,000 (2016: \$699,000) from the tooling segment.

34. DIVIDENDS

	Group and Company	
	2017 \$'000	2016 \$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares</i>		
- Final tax exempt (one-tier) dividend for 2016: 3.0 cents (2015: 0.6 cents *) per share	1,673	1,639
- Special tax exempt (one-tier) dividend for 2016: 2.0 cents (2015: 0.4 cents *) per share	1,115	1,093
- Interim tax exempt (one-tier) dividend for 2017: 3.0 cents (2016: 2.0 cents) per share	1,673	1,093
Proposed but not recognised as a liability as at 31 March:		
<i>Dividends on ordinary shares, subject to shareholders' approval at AGM</i>		
- Final tax exempt (one-tier) dividend for 2017: 3.0 cents (2016: 3.0 cents) per share	1,673	1,639
- Special tax exempt (one-tier) dividend for 2017: 3.0 cents (2016: 2.0 cents) per share	1,673	1,093

* Before Share Consolidation

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 23 June 2017.

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Statistics of Shareholdings

As at 16 June 2017

(i)	Number of fully issued and paid Shares	:	55,760,986
(ii)	Amount of issued and paid up Shares	:	S\$57,835,594.01
(iii)	Class of Shares	:	Ordinary Shares
(iv)	Voting rights	:	1 vote per share
(v)	Treasury Shares	:	None
(vi)	Subsidiary Holdings	:	None

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	7	1.20	112	0.00
100 - 1,000	164	28.23	85,380	0.15
1,001 - 10,000	283	48.71	1,181,180	2.12
10,001 - 1,000,000	122	21.00	8,224,441	14.75
1,000,001 AND ABOVE	5	0.86	46,269,873	82.98
TOTAL	581	100.00	55,760,986	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CIMB Securities (Singapore) Pte. Ltd.	31,322,847	56.17
2	Univac Precision Engineering Pte Ltd	10,466,666	18.77
3	Citibank Nominees Singapore Pte Ltd	1,702,160	3.05
4	Phillip Securities Pte Ltd	1,430,900	2.57
5	Go Mei Lin	1,347,300	2.42
6	Low Boon Yong	935,000	1.68
7	OCBC Securities Private Limited	600,920	1.08
8	See Beng Lian Janice	487,800	0.87
9	Chan Kok Wai Peter	360,000	0.65
10	DBSN Services Pte. Ltd.	303,400	0.54
11	Raffles Nominees (Pte) Limited	245,000	0.44
12	Chee Kwai Fun (Zhu Guifen)	240,000	0.43
13	DBS Nominees (Private) Limited	203,820	0.37
14	Tay Kok Leong	200,000	0.36
15	Ang Yann Siang	180,000	0.32
16	Goh Bee Lan	176,000	0.31
17	Goh Guan Siong (Wu Yuanxiang)	160,600	0.29
18	Tan Chee Bun Gordon	145,000	0.26
19	Lim Cher Khiang	143,346	0.26
20	Low Wei Min James	136,600	0.24
	Total	50,787,359	91.08

APPENDIX 5 – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017

Substantial Shareholders

As at 16 June 2017

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
Harmony (S) Holdings Pte Ltd ⁽²⁾	-	-	31,257,133	56.06
Tan Choon King ⁽³⁾	-	-	31,257,133	56.06
Univac Precision Engineering Pte Ltd	10,466,666	18.77	-	-
Venture Corporation Limited ⁽⁴⁾	-	-	10,466,666	18.77

Notes:

⁽¹⁾ Based on the total number of issued ordinary shares of 55,760,986 (excluding treasury shares) as at 16 June 2017.

⁽²⁾ Harmony (S) Holdings Pte Ltd's deemed interest is through a nominee, CIMB Securities (Singapore) Pte Ltd.

⁽³⁾ Mr Tan Choon King's deemed interest is through his interest in Harmony (S) Holdings Pte Ltd.

⁽⁴⁾ Venture Corporation Limited's deemed interest is through its interest in Univac Precision Engineering Pte Ltd.

To the best of the knowledge of the Company and based on information available to the Company as at 16 June 2017, approximately 23.8% of the issued ordinary shares of the Company is held in the hands of the public. Therefore, the Company complies with Rule 723 of the Listing Manual.

The Company does not have any treasury shares or subsidiary holdings.

APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

FISCHER TECH LTD

Half Year Financial Statement And Dividend Announcement – 30/09/2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement for the half year ended 30 September 2016. These figures have not been audited or reviewed.

	Group		
	6 months ended 30.09.2016	6 months ended 30.09.2015	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	85,898	88,826	(3.3)
Cost of sales	(68,093)	(71,093)	(4.2)
Gross profit	17,805	17,733	0.4
Interest income	35	53	(34.0)
Other income	150	291	(48.5)
Distribution and selling expenses	(1,703)	(1,873)	(9.1)
Administrative expenses	(9,900)	(9,193)	7.7
Finance costs	(146)	(182)	(19.8)
Profit before taxation	6,241	6,829	(8.6)
Income tax expenses	(2,110)	(2,252)	(6.3)
Profit for the period attributable to owners of the Company	4,131	4,577	(9.7)
	=====	=====	

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

Consolidated statement of comprehensive income for the half year ended 30 September 2016.
These figures have not been audited or reviewed.

	Group		
	6 months ended 30.09.2016	6 months ended 30.09.2015	Increase/ (Decrease)
	S\$'000	S\$'000	%
Profit, net of tax	4,131	4,577	(9.7)
Other comprehensive income :			
<u>Item that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation	(805)	190	NM
	-----	-----	
Other comprehensive income for the period, net of tax	(805)	190	NM
	-----	-----	
Total comprehensive income for the period attributable to owners of the Company	3,326	4,767	(30.2)
	=====	=====	

NM : Not Meaningful

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

- (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

		Group	
		6 months ended 30.09.2016	6 months ended 30.09.2015
		S\$'000	S\$'000
	Profit net of tax was arrived at after charging/(crediting)		
(A)	Depreciation of plant and equipment	3,344	3,754
(B)	Amortisation of intangible assets	116	157
(C)	Allowance for inventory write down	448	1,032
(D)	Foreign exchange gain	(769)	(502)
(E)	Fair value loss on derivatives	–	29
(F)	Loss on disposal of plant and equipment	25	53
(G)	Plant and equipment written off	16	237
(H)	Share-based compensation expenses	1,715	–

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	30,375	30,736	560	673
Goodwill and other intangible assets	5,702	5,762	70	76
Available-for-sale investment	20	–	20	–
Investments in subsidiary companies	–	–	27,121	27,121
Loans due from subsidiary companies	–	–	19,622	19,591
Deferred tax assets	487	495	–	–
	-----	-----	-----	-----
	36,584	36,993	47,393	47,461
	-----	-----	-----	-----
Current assets				
Inventories	20,984	20,429	71	128
Trade and other receivables	42,896	47,526	8,309	9,296
Other assets	4,427	894	–	–
Prepayments	1,446	1,826	59	64
Cash and short-term deposits	37,056	38,952	13,199	15,462
	-----	-----	-----	-----
	106,809	109,627	21,638	24,950
	-----	-----	-----	-----
Current liabilities				
Trade and other payables	31,764	36,928	5,283	8,460
Loans and borrowings	7,000	7,237	1,574	1,574
Income tax payable	719	750	–	–
	-----	-----	-----	-----
	39,483	44,915	6,857	10,034
	-----	-----	-----	-----
Net current assets	67,326	64,712	14,781	14,916
	-----	-----	-----	-----
Non-current liabilities				
Loans and borrowings	170	221	144	181
Provision for defined benefit plan	360	351	–	–
Deferred tax liabilities	535	545	–	–
	-----	-----	-----	-----
	1,065	1,117	144	181
	-----	-----	-----	-----
Net assets	102,845	100,588	62,030	62,196
	=====	=====	=====	=====
Equity attributable to owners of the Company				
Share capital	59,506	57,787	59,506	57,787
Foreign currency translation reserve	(1,214)	(409)	–	–
Retained earnings	37,725	36,382	2,524	4,409
Statutory reserve	6,828	6,828	–	–
	-----	-----	-----	-----
Total equity	102,845	100,588	62,030	62,196
	=====	=====	=====	=====

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

30 September 2016		31 March 2016	
Secured S\$000	Unsecured S\$000	Secured S\$000	Unsecured S\$000
105	6,895	106	7,131

Amount repayable after one year

30 September 2016		31 March 2016	
Secured S\$000	Unsecured S\$000	Secured S\$000	Unsecured S\$000
170	–	221	–

Details of any collateral

The secured borrowings comprise assets acquired under hire-purchase arrangements.

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	6 months ended 30.09.2016	6 months ended 30.09.2015
	S\$'000	S\$'000
Cash flows from operating activities		
Profit from operations before taxation	6,241	6,829
Adjustments for :		
Depreciation of plant and equipment	3,344	3,754
Amortisation of intangible assets	116	157
Interest income	(35)	(53)
Finance costs	146	182
Fair value loss on derivatives	–	29
Share-based compensation expenses	1,715	–
Allowance for inventory write down	448	1,032
Loss on disposal of plant and equipment	25	53
Impairment loss on plant and equipment	–	15
Plant and equipment written off	16	237
Currency translation differences	(493)	352
	-----	-----
Operating profit before working capital changes	11,523	12,587
Increase in inventories	(1,003)	(3,945)
Decrease/(increase) in trade and other receivables	4,630	(983)
Decrease/(increase) in prepayments	380	(287)
(Decrease)/increase in trade and other payables	(5,164)	1,353
	-----	-----
Total changes in working capital	(1,157)	(3,862)
Cash flows from operations	10,366	8,725
Interest paid	(146)	(182)
Interest received	35	53
Income taxes paid	(2,137)	(1,583)
	-----	-----
Net cash flows from operating activities	8,118	7,013
	-----	-----
Cash flows from investing activities		
Purchase of plant and equipment	(2,541)	(3,456)
Down-payments placed for acquisition of plant and machinery	(4,042)	(777)
Additions to intangible assets	(63)	(74)
Investment	(20)	–
Proceeds from disposal of plant and equipment	8	53
Currency translation differences	13	18
	-----	-----
Net cash flows used in investing activities	(6,645)	(4,236)
	-----	-----
Cash flows from financing activities		
Dividend paid	(2,788)	(2,732)
Repayment of loans and borrowings	(153)	(957)
Repayment of obligations under finance leases	(53)	(84)
Currency translation differences	(2)	10

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

	-----	-----
Net cash flows used in financing activities	(2,996)	(3,763)
	-----	-----
Net decrease in cash and cash equivalents	(1,523)	(986)
Effect of exchange rate changes on cash and cash equivalents	(373)	(250)
Cash and cash equivalents, beginning of period	38,952	35,962
	-----	-----
Cash and cash equivalents, end of period	37,056	34,726
	=====	=====

Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	6 months ended 30.09.2016	6 months ended 30.09.2015
	S\$'000	S\$'000
Cash and short-term deposits	37,056	34,726
	=====	=====

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Attributable to owners of the Company				
	Equity attributable to owners of the Company, total S\$'000	Share capital S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Statutory reserve S\$'000
Opening balance at 1 April 2016	100,588	57,787	(409)	36,382	6,828
Profit for the period	4,131	–	–	4,131	–
<u>Other comprehensive income</u>					
Foreign currency translation	(805)	–	(805)	–	–
Other comprehensive income for the period, net of tax	(805)	–	(805)	–	–
Total comprehensive income for the period	3,326	–	(805)	4,131	–
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	(2,788)	–	–	(2,788)	–
<u>Others</u>					
Issuance of shares	1,719	1,719	–	–	–
Total others	1,719	1,719	–	–	–
Closing balance at 30 September 2016	102,845	59,506	(1,214)	37,725	6,828

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

Group	Equity attributable to owners of the Company, total S\$'000	Attributable to owners of the Company				
		Share capital S\$'000	Share option reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Statutory reserve S\$'000
Opening balance at 1 April 2015	95,738	57,787	335	3,883	28,747	4,986
Profit for the period	4,577	-	-	-	4,577	-
<u>Other comprehensive income</u>						
Foreign currency translation	190	-	-	190	-	-
Other comprehensive income for the period, net of tax	190	-	-	190	-	-
Total comprehensive income for the period	4,767	-	-	190	4,577	-
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	(2,732)	-	-	-	(2,732)	-
<u>Others</u>						
Expiry of share options	-	-	(23)	-	23	-
Total others	-	-	(23)	-	23	-
Closing balance at 30 September 2015	97,773	57,787	312	4,073	30,615	4,986

**APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF
THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

Company	Equity, total S\$'000	Share capital S\$'000	Retained earnings S\$'000
Opening balance at 1 April 2016	62,196	57,787	4,409
Profit, net of tax and representing other comprehensive income for the period	903	–	903
Total comprehensive income for the period	903	–	903
<u>Contributions by and distribution to owners</u>			
Dividends on ordinary shares	(2,788)	–	(2,788)
<u>Others</u>			
Issuance of shares	1,719	1,719	–
Closing balance as at 30 September 2016	62,030	59,506	2,524

Company	Equity, total S\$'000	Share capital S\$'000	Share option reserve S\$'000	Retained earnings S\$'000
Opening balance at 1 April 2015	61,031	57,787	335	2,909
Profit, net of tax and representing other comprehensive income for the period	1,109	–	–	1,109
Total comprehensive income for the period	1,109	–	–	1,109
<u>Contributions by and distribution to owners</u>				
Dividends on ordinary shares	(2,732)	–	–	(2,732)
<u>Others</u>				
Expiry of share options	–	–	(23)	23
Closing balance as at 30 September 2015	59,408	57,787	312	1,309

APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

At an extraordinary general meeting held on 7 June 2016, shareholders of the Company approved the Fischer Tech Performance Share Plan 2016 ("PSP 2016"). Details of the PSP 2016 were set out in the Circular to Shareholders dated 13 May 2016.

During the financial period, 1,120,000 shares were awarded, vested and allocated under the PSP 2016. As at 30 September 2016, there was no outstanding share awarded but not vested under the PSP 2016.

As at 30 September 2016, the share capital of the Company comprised 55,760,986 ordinary shares.

	Ordinary share
Ordinary shares issued and fully paid	
Balance as at 1 April 2016	54,640,986
Issuance of shares under the PSP 2016	1,120,000
Balance as at 30 September 2016	55,760,986

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Group	
	30.09.2016	31.03.2016
Total number of issued ordinary shares excluding treasury shares	55,760,986	54,640,986

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not Applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation for the current financial period as compared with the most recent audited annual financial statements as at 31 March 2016 as well as applicable Financial Reporting Standards (FRS), which became effective for financial year beginning on or after 1 April 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of the new/revised FRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	30.09.2016	30.09.2015
Earnings per ordinary share for the period based on net profit attributable to shareholders: -		
(i) Based on existing issued share capital	7.48cts	8.38cts
(ii) On a fully diluted basis	7.48cts	8.38cts

Explanatory Note:

- Basic earnings per share for the period ended 30 September 2016 was calculated based on the weighted average number of 55,210,166 ordinary shares (30 September 2015 : 54,640,986 ordinary shares) in issue during the period.
 - There were no outstanding share options for the period ended 30 September 2016 (30 September 2015 : 572,000). In the previous corresponding half year, the number of outstanding share options before expiry were not included in the calculation of diluted earnings per share as they were anti-dilutive.
- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on and; and
(b) immediately preceding financial year.

	Group		Company	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016
Net asset value per ordinary share based on issued share capital at the end of the period	184.44cts	184.09cts	111.24cts	113.83cts

APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

The Group recorded revenue of S\$85.9 million in the current half year as compared to S\$88.8 million in the previous corresponding half year. The decrease of S\$2.9 million or 3.3% was mainly attributed to reduction in customers' order from all product sectors except the automotive sector, which continued to register growth.

The breakdown of revenue is as follow : -

	6 months ended 30.09.16		6 months ended 30.09.15		Increase /(decrease)
	S\$'000	% of total sales	S\$'000	% of total sales	%
Automotive	74,620	86.9	72,372	81.5	3.1
Consumer Electronics and Others	5,598	6.5	6,197	7.0	(9.7)
Computer Peripherals	5,136	6.0	6,250	7.0	(17.8)
Healthcare	544	0.6	4,007	4.5	(86.4)
Total	85,898	100.0	88,826	100.0	(3.3)

Revenue from the automotive sector continued to register growth of 3.1% or S\$2.2 million from S\$72.4 million to S\$74.6 million. The increase was mainly attributable to higher volume of business from existing customers. The automotive sector was also the Group's top revenue contributor, accounting for 86.9% of the Group's total revenue as compared to 81.5% in the previous corresponding half year.

On the other hand, revenue from consumer electronics and others sector registered a decline of S\$0.6 million or 9.7% from S\$6.2 million to S\$5.6 million. The decrease was mainly due to lower sales of plastic components for air conditioners.

Revenue from the computer peripherals sector also registered a decline of S\$1.2 million or 17.8% from S\$6.3 million to S\$5.1 million. The decrease was mainly due to the lower demand of plastic components for printers.

Revenue from the healthcare sector registered a reduction of S\$3.4 million or 86.4% from S\$4.0 million to S\$0.6 million. The decrease was mainly attributable to planned cessation of plastic sales to a major medical customer due to the right sizing of production facility of a subsidiary since second half of FY 2016.

Profitability

Despite lower revenue, gross profit increased by 0.4% or S\$0.1 million from S\$17.7 million to S\$17.8 million. Gross profit margin has also increased from 20.0% to 20.7%. This was mainly due to improved efficiency and better utilisation of production capacity.

APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Other income decreased by S\$0.1 million from S\$0.3 million to S\$0.2 million, mainly due to lower income from sales of scrap materials as a result of improvement in production processes.

The decrease in distribution and selling expenses of S\$0.2 million or 9.1% was mainly due to lower labour costs and traveling expenses, as compared to previous corresponding half year.

Administrative expenses increased by S\$0.7 million or 7.7 % mainly due to performance share expenses of S\$1.7 million recognised in the current half year (1st half FY 2016: Nil). On the other hand, there were higher operating expenses in the previous corresponding half year, mainly due to certain losses on disposal and write-off of plant and equipment, reinstatement of a factory premise as well as higher depreciation charges.

Finance costs decreased by S\$36,000 or 19.8%, mainly due to repayment of bank loans by the Group.

Income tax expense of S\$2.1 million was mainly due to taxable profits generated by the subsidiary companies in China and Thailand as well as tax deducted at source for dividends paid by the China subsidiaries. On the other hand, deferred tax effect on the losses of certain Group companies were not recognised because of the uncertainty of realisation of future profits.

The Group registered a net profit attributable to owners of the Company of S\$4.1 million as compared to S\$4.6 million in the previous corresponding half year. Excluding the performance share expenses of S\$1.7 million, the Group would have registered a net profit of about S\$5.8 million in the current half year. The Group does not expect to incur any performance share expense in the second half of FY 2017.

Balance Sheet

The decrease in trade and other receivables was mainly due to lower sales in 2nd quarter FY 2017 as compared to 4th quarter FY 2016, as well as active collection effort.

The increase in other assets was mainly due to a 30% down-payment (about S\$3.4 million) placed for the purchase of a factory building in China.

The decrease in prepayments by S\$0.4 million was mainly due to lower advance payment made to certain resin suppliers.

The decrease in trade and other payables was mainly due to reduction in purchases from suppliers in line with lower sales as well as payment of accrued profit sharing and bonuses in respect of FY 2016.

The decrease in loans and borrowings was mainly due to the repayment of bank loans by the Group.

The movement in foreign currency translation reserve was mainly due to the translation of foreign subsidiaries' financial statements to Singapore dollar.

Cash Flow Statement

The Group generated net cash from operating activities of S\$8.1 million, an increase of S\$1.1 million as compared to the previous corresponding half year. This was mainly due to lower working capital requirements in the current half year.

Net cash used in investing activities of S\$6.6 million in the current half year was mainly due to a 30% down-payment placed to purchase a factory building in China and also to purchase certain machinery and equipment by the Group to enhance production capabilities.

Net cash used in financial activities of S\$3.0 million in the current half year was mainly due to

APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016

the payment of a final and a special dividend totaling S\$2.8 million, in respect of FY 2016.

Overall, the Group's cash and cash equivalents increased from S\$34.7 million as at 30 September 2015 to S\$37.1 million as at 30 September 2016.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The business environment in which the Group operates in remains challenging amidst the subdued global growth and uncertain economic outlook. In addition, the Group continues to face pricing pressures from customers, rising operating costs and volatility in foreign exchange rates.

Nevertheless, the Group will continue to focus on enhancing production capabilities, improving operation efficiency and tightening cost control to remain competitive.

The Group will also strive to secure more global programs to expand its profitable operations and further strengthen its financial position with the aim of delivering better returns and enhancing shareholder value.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in share)	3.0 cents per ordinary share
Tax Rate	Tax Exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in share)	2.0 cents per ordinary share
Tax Rate	Tax Exempt (one-tier)

(c) Date payable

The Interim Dividend will be paid on 6 December 2016 to shareholders registered in the books of the Company on 28 November 2016.

APPENDIX 6 – UNAUDITED 6M2016 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 SEPTEMBER 2016

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of Fischer Tech Ltd (the “Company”) will be closed on 29 November 2016 for the purpose of determining shareholders’ entitlements to the interim tax-exempt (one-tier) dividend of 3.0 cents per ordinary share for the financial year ending 31 March 2017 (the “Interim Dividend”).

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5:00 p.m. on 28 November 2016 will be registered to determine shareholders’ entitlements to the Interim Dividend.

Shareholders (being Depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. on 28 November 2016 will rank for the Interim Dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not Applicable

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT Mandate has been obtained, a statement to the effect.

The Company does not have an IPT Mandate.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the half year ended 30 September 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
Fischer Tech Ltd

Chuang Sheue Ling and Tan Ching Chek
Joint Company Secretaries
Date : 10 November 2016

APPENDIX 7 – SCHEME CONDITIONS

*All capitalised terms used and not defined in this **Appendix 7** shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.*

The Acquisition is conditional upon the following:

1. **Shareholders' Approval:** the Shareholders having approved the Scheme at the Scheme Meeting in accordance with the requirements of Section 210(3AB) of the Companies Act;
2. **Court Order:** the Court having granted the Court Order and such Court Order having become final;
3. **Lodgement with ACRA:** the Court Order having been lodged with ACRA pursuant to Section 210(5) of the Companies Act;
4. **Regulatory Approvals:** the following Regulatory Approvals having been obtained or granted and remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Relevant Date, and (X) if any such Regulatory Approval (other than the Antitrust Approvals) is subject to any conditions or requires any actions or obligations to be taken or performed, all such conditions being reasonably acceptable to the Parties and all such actions and obligations in respect of such Regulatory Approvals having been duly taken or performed on or prior to the first application to the Court for the order to convene the Scheme Meeting, and (Y) if any of the Antitrust Approvals is subject to any conditions or requires any actions or obligations to be taken or performed, all such conditions being reasonably acceptable to the Party affected by such condition imposed and all such actions and obligations in respect of such Regulatory Approvals having been duly taken or performed on or prior to the Relevant Date:
 - (a) confirmation from the SIC that:
 - (i) Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) to Rule 19 of the Code shall not apply to the Scheme, subject to any conditions the SIC may deem fit to impose;
 - (ii) it has no objections to the Scheme Conditions; and
 - (iii) subject to any conditions that the SIC may deem fit to impose, confirmation that each of the Undertaking Shareholders giving the Deeds of Undertaking would be permitted to attend and vote at the Scheme Meeting,it being acknowledged by the Parties that such confirmations have been obtained as at the date of the Implementation Agreement;
 - (b) approval-in-principle from the SGX-ST for the Scheme, the Scheme Document and the proposed delisting of the Company from the SGX-ST;
 - (c) insofar as the consummation of the Acquisition triggers a mandatory merger control filing requirement under the GAARC, a filing having been made to and accepted by the FCO pursuant to the GAARC and FCO having issued a decision confirming that it will not conduct further review of the Acquisition or allowing the consummation of the Acquisition without conditions or on conditions reasonably satisfactory to the Party affected by such condition imposed, or all applicable waiting periods under the GAARC in respect of the review of the Acquisition having expired; and

APPENDIX 7 – SCHEME CONDITIONS

- (d) insofar as the consummation of the Acquisition triggers a mandatory merger control filing requirement under the Estonian Competition Act (“**EC Act**”), a filing having been made to and accepted by the Estonian Competition Authority (“**EC Authority**”) pursuant to the EC Act and the EC Authority having issued a decision of no-jurisdiction or confirming that it will not conduct further review of the Acquisition or allowing the consummation of the Acquisition without conditions or on conditions reasonably satisfactory to the Party affected by such condition imposed, or all applicable waiting periods under the EC Act in respect of the review of the Acquisition having expired;

5. **Authorisations:** in relation to:

- (a) the Company (in addition to the approvals and steps referred to in **paragraphs 1, 2, 3 and 4** of this **Appendix 7** (other than the Antitrust Approvals)), all other authorisations, consents, clearances, permissions and approvals as are necessary or required by the Company under any and all applicable laws from all Governmental Agencies, for or in respect of the Acquisition or implementation of the Scheme being obtained; and
- (b) the Offeror (in addition to the approvals and steps referred to in **paragraph 4** of this **Appendix 7**, including the Antitrust Approvals), all other authorisations, consents, clearances, permissions and approvals as are necessary or required by the Offeror under any and all applicable laws from all Governmental Agencies, for or in respect of the Acquisition or implementation of the Scheme being obtained,

and such authorisations, consents, clearances, permissions and approvals not having been withdrawn or revoked on or prior to the first application to the Court for the order to convene the Scheme Meeting and remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to the Relevant Date;

6. **Consents and Waivers:** the receipt of:

- (a) all authorisations, consents, clearances, permissions, waivers and approvals as are necessary or required by the Company from the Major Customers for or in respect of the implementation of the Scheme and/or the Acquisition; and
- (b) all authorisations, consents, clearances, permissions, waivers and approvals as are necessary or required by the Company from the counterparties to the Existing Facility Agreements for or in respect of the implementation of the Scheme and/or the Acquisition and/or the repayment of all outstanding amounts under, or the termination of, such Existing Facility Agreements which contain restrictions on change in control,

and all such authorisations, consents, clearances, permissions, waivers and approvals not having been withdrawn or revoked for any reason whatsoever as at the Relevant Date;

7. **No Prescribed Occurrence:** between the Joint Announcement Date and up to the Relevant Date:

- (a) no Prescribed Occurrence set out in **Part I of Appendix 8** to this Scheme Document having occurred in relation to the Offeror; and
- (b) no Prescribed Occurrence set out in **Part II of Appendix 8** to this Scheme Document having occurred in relation to the Company or, where applicable, any Subsidiary;

8. **No Legal or Regulatory Restraint:** between the date of the Implementation Agreement and up to the Relevant Date, no order, injunction, judgment or decree having been issued by any Governmental Agency or by any court of competent jurisdiction, or other legal or regulatory restraints, prohibition or condition having arisen (including any enactment of any applicable law or regulation), which would or would be reasonably likely to prevent or render unlawful the consummation of the Acquisition or implementation of the Scheme or proposed transactions relating to the Scheme, being in effect;

APPENDIX 7 – SCHEME CONDITIONS

9. **Company's Representations, Warranties and Covenants:**

- (a) there having been no breach by the Company of the Warranties set out in **Appendix 10** of this Scheme Document as at the date of the Implementation Agreement and the Relevant Date as though made on and as at each such date except to the extent any Warranty expressly relates to an earlier date (in which case as at such earlier date), in each such case which has, individually or taken together with any other breaches, resulted in a Material Adverse Effect and is material in the context of the Scheme; and
- (b) the Company having, as at the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Relevant Date;

10. **Offeror Representations, Warranties and Covenants:**

- (a) there having been no breach by the Offeror of the Warranties set out in **Appendix 9** of this Scheme Document as at the date of the Implementation Agreement and the Relevant Date as though made on and as at each such date except to the extent any Warranty expressly relates to an earlier date (in which case as at such earlier date), in each such case which has, individually or taken together with any other breaches, resulted in a material adverse effect on the business of the Offeror (taken as a whole) and is material in the context of the Scheme; and
- (b) the Offeror having, as at the Relevant Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Relevant Date;

11. **No Material Adverse Effect:** there having been no event occurring since the date of the Implementation Agreement which has or is reasonably likely to have the effect of causing a diminution in the consolidated net tangible asset value of the Group to an amount below S\$90,656,100, as reflected in or computed from the later of:

- (a) the Latest Accounts; and
- (b) the consolidated unaudited management balance sheet (to be prepared in accordance with the accounting principles, policies, bases, practices and estimation techniques used in preparing the 2017 Audited Accounts applied on a consistent basis) as at the calendar month ending at least 15 days immediately prior to the Relevant Date,

("Material Adverse Effect"), provided that any diminution or increase in the value of any asset or liability arising from currency translation shall not be taken into account and the following shall also not be considered in determining whether a Material Adverse Effect has occurred: (i) any diminution resulting from events affecting the economy in general, the foreign exchange market or the industries in which the Group Companies engage in the Business; (ii) any diminution resulting from changes in legal or regulatory requirements that affect in general the businesses in which the Group is engaged; or (iii) any diminution arising from the payment of the Dividends. For the avoidance of doubt, the consolidated net tangible asset value of the Group shall mean net assets excluding intangible assets, goodwill, land use right and minority interests; and

12. **Major Customers:** between the date of the Implementation Agreement and the Relevant Date, there being no loss of any Major Customer or any written notice given by any Major Customer indicating that it wishes to cease being a customer of the Group.

APPENDIX 8 – PRESCRIBED OCCURENCES

*All capitalised terms used and not defined in this **Appendix 8** shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.*

For the purpose of this Scheme Document, a “**Prescribed Occurrence**”, in relation to the Offeror, the Company and/or any other Group Company, as the case may be, means (i) in relation to the Offeror, the matters set out in Part I of this **Appendix 8**, and (ii) in relation to the Company (or its subsidiaries as applicable), the matters set out in Part II of this **Appendix 8**:

PART I: THE OFFEROR

1. **Injunction:** an injunction or other order issued against the Offeror by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by either the Company or the Offeror;
2. **Resolution for Winding-Up:** the Offeror resolving that it be wound up;
3. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Offeror;
4. **Order of Court for Winding-Up:** the making of an order by a court of competent jurisdiction for the winding up of the Offeror;
5. **Composition:** the Offeror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
6. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Offeror;
7. **Insolvency:** the Offeror becoming or being deemed by law or a court to be insolvent or being unable to pay its debts when they fall due or stopping or suspending or threatening to stop or suspend payment of its debts;
8. **Investigations and Proceedings:** if the Offeror or any of its directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
9. **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

PART II: THE COMPANY AND ITS SUBSIDIARIES

1. **Conversion of Shares:** the Company converting all or any of its Shares into a larger or smaller number of shares;
2. **Share Buy-back:** the Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;
3. **Alteration of Share Capital:** the Company resolving to reduce or alter its share capital in any way;
4. **Allotment of Shares:** the Company making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security (or any Subsidiary doing any of the foregoing with respect to its own securities);

APPENDIX 8 – PRESCRIBED OCCURENCES

5. **Issuance of Debt Securities:** the Company (or any Subsidiary) issuing, or agreeing to issue, convertible notes or other debt securities;
6. **Dividends:** save for the payment of the Dividends, the Company declaring, making or paying any dividends or any other form of distribution to its Shareholders;
7. **Injunction:** an injunction or other order issued against the Company by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by either the Company or the Offeror;
8. **Resolution for Winding-Up:** the Company (or any Subsidiary) resolving that it be wound up;
9. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Company (or of any Subsidiary);
10. **Order of Court for Winding-Up:** the making of an order by a court of competent jurisdiction for the winding-up of the Company (or of any Subsidiary);
11. **Composition:** the Company (or any Subsidiary) entering into any arrangement or general assignment or composition for the benefits of its creditors generally;
12. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Company (or of any Subsidiary);
13. **Insolvency:** the Company (or any Subsidiary) becoming or being deemed by law or a court to be insolvent or being unable to pay its debts when they fall due or stopping or suspending or threatening to stop or suspend payment of its debts;
14. **Cessation of Business:** the Company (or any Subsidiary) ceases or threatens to cease for any reason to carry on the Business in the ordinary and usual course;
15. **Investigations and Proceedings:** if the Company (or any Subsidiary) or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
16. **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

APPENDIX 9 – OFFEROR’S WARRANTIES

*All capitalised terms used and not defined in this **Appendix 9** shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.*

The Offeror represents and warrants to the Company that:

1. INCORPORATION

It is a company duly incorporated and validly existing under the laws of the Cayman Islands.

2. SHAREHOLDING STRUCTURE

As at the date of the Implementation Agreement, the entire issued and paid-up share capital of the Offeror is legally and beneficially held and owned by HoldCo, whose entire issued and paid-up share capital is legally and beneficially held and owned by Pearl I, whose entire issued and paid-up share capital is legally and beneficially held and owned by Pearl UK. All of the shares in Pearl UK are owned by investment funds and entities affiliated with and advised by Platinum Equity Advisors, LLC. All of the shares in HoldCo, Pearl I and Pearl UK have been properly allotted and issued.

3. AUTHORITY

It (i) has full power and capacity to sign and deliver the Implementation Agreement and to exercise all its rights and perform all its obligations under the Implementation Agreement and (ii) has taken all necessary corporate action to authorise its entry into the Implementation Agreement and the exercise of its rights and the performance of its obligations under the Implementation Agreement.

4. ENFORCEABILITY

The Implementation Agreement constitutes its valid and legally binding obligations, enforceable in accordance with its terms.

5. APPROVALS

Save as expressly provided in the Implementation Agreement, all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents from third parties) in order (i) to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under the Implementation Agreement and (ii) to ensure that those obligations are valid, legally binding and enforceable, have been taken, fulfilled and done.

6. NO BREACH

Save as expressly provided in the Implementation Agreement, neither the signing and delivery of the Implementation Agreement nor compliance with the terms and provisions hereof or thereof will conflict with, or result in a breach of, (i) its memorandum and articles of association or other constitutive documents, (ii) any applicable law or regulation, (iii) any order, writ, injunction or decree of any court or governmental authority or agency or (iv) any agreement or instrument to which it is a party or by which it is bound.

7. NO LITIGATION

No litigation, arbitration or administrative proceeding against it is current or pending or threatened to restrain the entry into, exercise of its rights under and/or performance or enforcement of or compliance with its obligations under the Implementation Agreement.

8. SUFFICIENCY OF FINANCIAL RESOURCES

It has sufficient financial resources to undertake and complete the Acquisition and implement the Scheme, and shall procure that a cash confirmation is furnished by an appropriate third party in compliance with the Code.

APPENDIX 10 – COMPANY’S WARRANTIES

*All capitalised terms used and not defined in this **Appendix 10** shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.*

The Company represents and warrants to the Offeror that:

1. INCORPORATION, AUTHORITY, CAPACITY, ETC.

- 1.1 It is a company duly incorporated and validly existing under the laws of Singapore.
- 1.2 It (i) has full power and capacity to sign and deliver the Implementation Agreement and to exercise all its rights and perform all its obligations under the Implementation Agreement and (ii) has taken all necessary corporate action to authorise its entry into the Implementation Agreement and the exercise of its rights and the performance of its obligations under the Implementation Agreement.
- 1.3 The Implementation Agreement constitutes its valid and legally binding obligations, enforceable in accordance with its terms.
- 1.4 It has the right, power and authority to conduct its business as conducted at the date of the Implementation Agreement.
- 1.5 Save as expressly provided in the Implementation Agreement, all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents from third parties) in order (i) to enable it lawfully to enter into, exercise its rights and perform and comply with its obligations under the Implementation Agreement and (ii) to ensure that those obligations are valid, legally binding and enforceable, have been taken, fulfilled and done.
- 1.6 Save as expressly provided in the Implementation Agreement, neither the signing and delivery of the Implementation Agreement nor compliance with the terms and provisions hereof or thereof will conflict with, or result in a breach of, (i) its memorandum and articles of association or other constitutive documents, (ii) any applicable law or regulation, (iii) any order, writ, injunction or decree of any court or governmental authority or agency or (iv) any agreement or instrument to which it is a party or by which it is bound.
- 1.7 No litigation, arbitration or administrative proceeding against it is current or pending or, so far as the Company is aware, threatened to restrain the entry into, exercise of its rights under, performance or enforcement of or compliance with its obligations under the Implementation Agreement.

2. INFORMATION

- 2.1 All information contained in the Implementation Agreement and the Disclosure Letter, all documents and information which has been specified in the Data Room Index was when given, and remains as at 5.00 p.m. on 30 June 2017, true and accurate in all material respects, provided that any information or documents that contain a projection, estimate or forward-looking component have been prepared in good faith as at the date given. All material information relating to the Group has been disclosed to the SGX-ST in compliance with its continuous disclosure requirements.
- 2.2 Save for the Existing Facility Agreements, there are no agreements or arrangements relating to the provision of loans or borrowings by any third party to any Group Company.

3. SHARES AND SUBSIDIARIES

- 3.1 The Shares comprise the whole of the Company’s allotted and issued share capital, have been properly allotted and issued, and are fully paid or credited as fully paid.

APPENDIX 10 – COMPANY’S WARRANTIES

- 3.2 There is no Encumbrance, and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to any of the shares or unissued shares in the capital of the Subsidiaries.
- 3.3 Other than the Implementation Agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, transfer, redemption or repayment of, a share in the capital of the Company (including an option or right of preemption or conversion).
- 3.4 Each of the Subsidiaries is a company duly incorporated and validly existing under their respective laws of incorporation.
- 3.5 The particulars of each of the Subsidiaries set out in Schedule 1 of the Implementation Agreement are correct and accurate, and all the shares in each of the Subsidiaries are legally and beneficially owned as shown in Schedule 1 of the Implementation Agreement. All the shares of each of the Subsidiaries have been properly allotted and issued and are fully paid or credited as fully paid.
- 3.6 No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, sale or transfer of any share or loan capital or any other security giving rise to a right over the capital of any Group Company under any option or other agreement (including conversion rights and rights of pre-emption).

4 ACCOUNTS

4.1 2017 Audited Accounts

- 4.1.1 The 2017 Audited Accounts have been prepared (i) in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards and (ii) on a basis consistent with that adopted in preparing the audited consolidated accounts of the Company for the previous financial year.
- 4.1.2 Save for any changes in accounting policies that have been adopted by the Company as publicly disclosed on SGXNET, no change in accounting policies has been made in preparing the accounts of the Company for the financial year ended on the Accounts Date.
- 4.1.3 The 2017 Audited Accounts give a true and fair view of the assets, liabilities and state of affairs and the statements of financial position of the Company and of the Group as a whole as at the Accounts Date and of the statements of comprehensive income of the Company and of the Group as a whole for the period concerned.
- 4.1.4 The results shown by the audited profit and loss account of the Company and the consolidated audited profit and loss account of the Group Companies for the financial year ended on the Accounts Date have not (except as Disclosed in those accounts) been affected by an extraordinary, exceptional or non-recurring item or by another fact or circumstance making the profit or loss for a period covered by any of those accounts unusually high or low.

4.2 Changes since Accounts Date

Since the Accounts Date, as regards each Group Company:

- 4.2.1 its business has been carried on as a going concern in the ordinary and usual course, without any material interruption or alteration in its nature, scope or manner, save and except for events that may occur as a result of an act of God;

APPENDIX 10 – COMPANY’S WARRANTIES

- 4.2.2 otherwise than in the ordinary and usual course of carrying on its business, it has not entered into any material transaction or assumed or incurred any material liabilities (including contingent liabilities) or made any material payment not provided for in the 2017 Audited Accounts;
- 4.2.3 there has been no material adverse change in its financial or trading position;
- 4.2.4 no material change has occurred in the assets and liabilities shown in the 2017 Audited Accounts;
- 4.2.5 the profits of its business have not been materially affected:
 - (a) by changes or inconsistencies in accounting treatment; and
 - (b) to a material extent by any non-recurring items of income or expenditure; and
- 4.2.6 none of the actions or events set out in **paragraph 7.3(c)(xvii)** of the Explanatory Statement has been undertaken, permitted or suffered.

4.3 Receivables and Payables

Other than in the ordinary and usual course of carrying on its business, none of such book and other debts receivable by or owed to any Group Company have been released on terms that the debtor has paid less than the full value of his debt and all such receivables have realised or will realise in the normal course of collection their value as included in the 2017 Audited Accounts or in the books of any Group Company after taking into account the provision for bad and doubtful debts made in the 2017 Audited Accounts.

4.4 Capital Commitments

There are no material capital commitments entered into or proposed by any Group Company. For the purposes of this **paragraph 4.4**, a material capital commitment is one involving capital expenditure of over S\$500,000 individually or in aggregate with all other capital expenditures, in each case exclusive of GST.

4.5 Off-Balance Sheet Financing

None of the Group Companies has factored, discounted or securitised any of its receivables, nor has it engaged in any financing of a type which would not be required to be shown or reflected in the 2017 Audited Accounts.

4.6 No Undisclosed Liabilities

There are no material liabilities of any Group Company which are outstanding on the part of each Group Company, other than (i) liabilities Disclosed and to the extent provided for in the 2017 Audited Accounts; (ii) liabilities incurred in the ordinary and usual course of business since the Accounts Date; or (iii) liabilities Disclosed elsewhere in the Implementation Agreement.

5. ASSETS

5.1 Leases

- 5.1.1 The Leases comprise all of the possession rights and premises vested in, occupied or used by, or in the possession of, each Group Company, which are material for the operation of the Business.
- 5.1.2 All of the Leases have been Disclosed and are specified in the Data Room Index.
- 5.1.3 No Group Company has received any notice of a claim for liability in relation to a Lease, other than in relation to invoices, payments due or other outgoings under a Lease, in each case in the ordinary course of business.

APPENDIX 10 – COMPANY’S WARRANTIES

5.2 Ownership of Assets

5.2.1 All the assets of the Group Companies included in the 2017 Audited Accounts or acquired by any Group Company since the Accounts Date, other than any assets disposed of or realised in the ordinary and usual course of business, and excepting rights and retention of title arrangements arising by operation of law in the ordinary and usual course of business are:

- (a) legally and beneficially owned by the relevant Group Company;
- (b) where capable of possession, in the possession or under the control of the relevant Group Company;
- (c) free from Encumbrances; and
- (d) not the subject of any factoring arrangement, conditional sale or credit agreement.

5.2.2 Each Group Company owns or has the right to use each asset which is material for the effective operation of the Business.

5.2.3 All plant, machinery, computer systems and software, vehicles and equipment owned, possessed or used by each Group Company which are material for the effective operation of the Business have been regularly and properly maintained and none is in need of renewal or replacement or surplus to the relevant member of each Group Company’s requirements.

5.3 Stock

So far as the Company is aware, no material portion of the stock of each relevant Group Company is not of satisfactory quality or not saleable in the usual course of its business in accordance with its current price list.

6. CONTRACTS

6.1 Contracts

So far as the Company is aware, each Group Company is not a party to or subject to any contract, transaction, arrangement, understanding or obligation which restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit.

6.2 Joint Ventures etc.

6.2.1 Other than in relation to Forefront Additive Manufacturing Pte. Ltd. (“FAMPL”), a joint venture of which the Company is a member, each Group Company is not, nor has agreed to become, a member of any joint venture or any consortium, partnership or other unincorporated association or a party to a distributorship, agency, franchise or management agreement or arrangement.

6.2.2 The Company is the legal and beneficial owner of 20,000 ordinary shares in the issued and paid-up share capital of FAMPL, representing 14.29 per cent. of the total number of issued shares of FAMPL, and all of such shares are free from any Encumbrances whatsoever, have been properly allotted and issued, and are fully paid or credited as fully paid.

6.3 Agreements with Connected Parties

6.3.1 Save as Disclosed in the 2017 Audited Accounts, there is no interested person transaction (as defined in the Listing Rules) between any Group Company (on the one hand) and an interested person (as defined in the Listing Rules) of the Company (on the other hand).

APPENDIX 10 – COMPANY’S WARRANTIES

6.3.2 Save for contracts to be entered into after the date of the Implementation Agreement by any Group Company in the ordinary and usual course of business, on a commercial arm’s-length basis, there are no existing contracts, arrangements or understandings whether legally binding or not between (i) any Group Company (on the one hand) and (ii) any person who is a substantial shareholder of any Group Company or any of the Undertaking Shareholders (or any of their respective Affiliates) (on the other hand).

6.3.3 Save for contracts to be entered into after the date of the Implementation Agreement by any Group Company in the ordinary and usual course of business, on a commercial arm’s-length basis, no Group Company is a party to any contract, arrangement or understanding with any current employee, director or consultant of any Group Company or the Undertaking Shareholders.

6.4 Compliance with Agreements

6.4.1 All the agreements (a breach of which will have a material adverse effect on the Group taken as a whole) to which each Group Company is a party are valid, binding and enforceable against such Group Company and the terms thereof have been complied with in all material respects by such Group Company.

6.4.2 No party with whom each Group Company has entered into an agreement, arrangement or obligation has given notice of its intention to terminate, or has sought to repudiate or disclaim, the agreement, arrangement or obligation (the termination of which will have a material adverse effect on the Group taken as a whole).

6.4.3 None of the Group Companies is in material breach of any agreement, arrangement or obligation.

6.5 Onerous Agreements

Save as Disclosed, none of the Group Companies is a party to or has a material liability under a long-term, onerous or unusual agreement, arrangement or obligation.

6.6 Effect of the Acquisition

The execution, performance, compliance with and/or completion of the Implementation Agreement, including with respect to the Acquisition and the Scheme, or any document to be executed with respect to the Acquisition and the Scheme at or before the Effective Date, shall not:

6.6.1 cause the Business to lose any benefit, right or privilege it enjoys at the date of the Implementation Agreement, the loss of which will have a material adverse effect on the Business of the Group as a whole;

6.6.2 conflict with or result in a material breach of, give rise to an event of default under, require the consent of a person under, enable a person to terminate, vary or relieve a person from an obligation under any agreement or arrangement to which each Group Company is currently a party or any legal or administrative requirement by which each Group Company is bound or result in any Encumbrance under any contract or arrangement to which each Group Company is currently a party, unless the effect of such conflict, breach or default is not material to the business of the Group taken as a whole; or

6.6.3 result in a breach of any order, judgment or decree of any court, Governmental Agency or regulatory body to which each Group Company is currently a party or by which each Group Company or any of its respective assets is currently bound, unless the effect of such breach is not material to the business of the Group taken as a whole.

APPENDIX 10 – COMPANY’S WARRANTIES

7. SUBSIDIARIES, ASSOCIATES AND BRANCHES

7.1 No Group Company:

7.1.1 is the holder or beneficial owner of, or has agreed to acquire, any share or loan capital of any other company (whether incorporated in Singapore or elsewhere) other than the Subsidiaries; or

7.1.2 has any branch, agency, division, establishment or operations outside the jurisdiction in which it is incorporated.

8. INTELLECTUAL PROPERTY

The Group Companies are in possession of valid and enforceable licences, authorisations and permissions in respect of third party Intellectual Property and the Group Companies are not engaged in any activities which involve the use of or which infringe any Intellectual Property belonging to any third party.

9. EMPLOYEES AND EMPLOYEE BENEFITS

9.1 There is not in existence any written contract of employment with any employee of the Group Companies which cannot be terminated by three months’ notice or less without giving rise to any claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal).

9.2 There are no trade unions, staff associations or other similar organisations or other bodies (in any such case whether or not recognised by any Group Company) for collective bargaining or other negotiating purposes, representing any of the employees of the Group Companies.

9.3 There are no terms of employment for employees of any Group Company or consultancy agreements with any Group Company or terms of appointment for directors of any Group Company which provide that a change in control of any such company (however such change in control may be defined in the said document, if at all) shall entitle any employee, consultant or director to treat the change in control as amounting to a breach of the contract or entitling him to any payment or benefit whatsoever or entitling him to treat himself as redundant or dismissed or released from any obligation.

9.4 Each Group Company has no outstanding liability for breach or termination of an employment contract or consultancy agreement or any breach of any statutory or regulatory obligations relevant to the relations between it and its current or former directors, employees, workers or consultants.

9.5 Each Group Company has complied in all material respects with each of its obligation, order and award under statute, regulation, code of conduct, collective agreement, relevant to the relations between it and its current or former employees, workers or consultants or by the contracts of employment with its employees or terms of engagement with its consultants.

9.6 No Group Company is liable (on an actual or contingent basis) to make any payment or provide any benefit to any of its employees or former employees or of the Undertaking Shareholders (or any dependant of any such persons) in connection with the proposed termination or suspension of employment or variation of any contract of employment of any such employees or former employee.

APPENDIX 10 – COMPANY’S WARRANTIES

10. LEGAL COMPLIANCE

10.1 Licences and Consents

- 10.1.1 All licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals, registrations and authorities necessary for the carrying on of the Business by the Group Companies as now carried on (the “**Licences**”) have been obtained, and are in full force and effect and have been and are being complied with in all material respects, unless the failure to obtain any such Licences does not have a material adverse effect upon the assets or business of the Group.
- 10.1.2 There is no investigation, inquiry or proceeding outstanding or, so far as the Company is aware, anticipated which will result in the suspension, cancellation, modification or revocation of any Licence.
- 10.1.3 None of the Licences has been breached or will be breached (whether as a result of the entry into, performance or completion of the Implementation Agreement or otherwise).

10.2 Compliance with Laws

- 10.2.1 Other than in respect of Anti-Bribery Laws, each Group Company is conducting, and has conducted the Business in compliance (in all material respects) with all applicable laws, administrative requirements, bye-laws and regulations and no Group Company is, or has been, in material breach of any such laws, administrative requirements, bye-laws and regulations, save that where any breach arises by reason only of any law, administrative requirement, bye-law and/or regulation having been enacted between the date of the Implementation Agreement and the Effective Date which has retrospective effect, such Group Company shall not be regarded as having been in breach of this **paragraph 10.2.1** if such Group Company takes all reasonable steps to comply with such law, administrative requirement, regulation and/or bye-law thereafter.
- 10.2.2 Each Group Company is operating, and has always operated, the Business in all material respects in accordance with its memorandum and articles of association at the relevant time.
- 10.2.3 Each register, minute book and other book which each Group Company is required by law to keep has been properly kept and contains a true and accurate record of the matters which it is required by relevant laws to record. No notice has been received or, so far as the Company is aware, allegation made that a register or book is incorrect or should be rectified.
- 10.2.4 **Anti-Bribery and Sanctions:**
- (a) Each Group Company is conducting, and has conducted, the Business in compliance with all Anti-Bribery Laws and no Group Company is, or has been, in breach of any such Anti-Bribery Laws.
 - (b) Each Group Company has adopted, and is operating according to, the policies and procedures relating to compliance with applicable Anti-Bribery Laws in accordance with those Disclosed.
 - (c) Each Group Company has at all times been and is in compliance with any applicable export control and economic sanctions laws and regulations of the United States of America, the United Kingdom, the European Union (or any Member State thereof), the United Nations and each other jurisdiction in which it operates or to which it is subject, including the US Export Administration Regulations, the US International Traffic in Arms Regulations, the US Department of Treasury Office of Foreign Asset Control’s economic sanctions regulations, sanctions programmes maintained by Her

APPENDIX 10 – COMPANY’S WARRANTIES

Majesty’s Treasury and any applicable European Union restrictive measure that has been implemented pursuant to any European Council or Commission Regulation or Decision adopted pursuant to a Common Position in furtherance of the European Union’s Common Foreign and Security Policy.

11. ANTI-COMPETITIVE AGREEMENTS AND PRACTICES

None of the Group Companies is a party to any agreement, arrangement or concerted practice or is or has been carrying on any practice material to the Business which in whole or in part may contravene or may be invalidated by any anti-trust or similar legislation in the jurisdiction where each Group Company operates.

12. POWERS OF ATTORNEY

None of the Group Companies has given a power of attorney or other authority by which a person may enter into an agreement, arrangement or obligation on each Group Company’s behalf (other than an authority for a director, other officer or employee to enter into an agreement in the usual course of that person’s duties).

13. FILING OF CHARGES

All charges by or in favour of each Group Company have (if appropriate) been registered in accordance with the provisions of Section 131 of the Companies Act or comply with the necessary formalities as to registration or otherwise in any other relevant jurisdiction. The registered particulars of charges over assets of each Group Company are complete and accurate in all respects.

14. LITIGATION AND DISPUTES

- 14.1 No civil, criminal, arbitration, administrative, tribunal or other proceeding (including in respect of Environmental Laws and Anti-Bribery Laws) involving any Group Company is current or pending or, so far as the Company is aware, threatened by or against any Group Company.
- 14.2 So far as the Company is aware, no fact or circumstance exists which might reasonably give rise to a civil, criminal, arbitration, administrative or other proceeding (including in respect of Environmental Laws and Anti-Bribery Laws) involving any Group Company.
- 14.3 There is no outstanding judgment, order, decree, arbitral award or decision of a court, tribunal, arbitrator or governmental agency (including in respect of Environmental Laws and Anti-Bribery Laws) against any Group Company.

15. INSURANCE

15.1 Insurance of assets

- 15.1.1 Each material insurable asset of each Group Company has at all material times been and is at the date of the Implementation Agreement adequately insured against each risk normally insured against by a person operating the types of business operated by each Group Company.
- 15.1.2 Each Group Company has at all material times been and is at the date of the Implementation Agreement adequately insured against accident, damage, injury, third party loss, loss of profits and all other reasonably foreseeable risks to which a person operating the types of business operated by each Group Company is exposed.

APPENDIX 10 – COMPANY’S WARRANTIES

15.2 Details of Policies

In respect of the insurances referred to in **paragraph 15.1** of this **Appendix 10**:

- 15.2.1 all premiums and any related insurance premium Taxes have been duly paid to date;
- 15.2.2 all current policies of the Group Companies are in full force and effect;
- 15.2.3 no act, omission, misrepresentation or non-disclosure by any Group Company has occurred which makes any of these policies void, voidable or unenforceable;
- 15.2.4 so far as the Company is aware, no circumstances have arisen which would render any of the policies void or unenforceable for illegality or otherwise; and
- 15.2.5 there has been no breach of the terms, conditions and warranties of any of the policies that would entitle insurers to decline to pay all or any part of any claim made under the policies or to terminate any policy.

15.3 Insurance Claims

- 15.3.1 No claims have been made and no claim is outstanding (excluding insurances relating to the payment of hospital and other medical expenses).
- 15.3.2 No event, act or omission has occurred which requires notification under any of the policies.
- 15.3.3 None of the insurers under any of the policies has refused, or given any indication that it intends to refuse, indemnity in whole or in part in respect of any claims under the policies.

16. ENVIRONMENT

Each Group Company is conducting, and has conducted, the Business in material compliance with Environmental Law.

17. TAX

17.1 Each Group Company:

- 17.1.1 has duly filed all returns, computations, notices and information required to be made or provided by such Group Company for the purposes of Taxation and the same have been made or given within the requisite periods and on a proper basis and when made were true and accurate and are up to date in all material respects and none of them is the subject of any dispute with a Tax Authority which is outstanding;
- 17.1.2 has paid all Taxation assessed or imposed by any Taxation Authority which has been assessed upon such Group Company which is due and payable on or before the Effective Date, and no Group Company has been liable for any material penalty, surcharge, fine or interest in connection with Tax;
- 17.1.3 has made all deductions and withholdings in respect of or on account of any Taxation from all payments made by it, which deductions and withholdings it was obliged to make, and has accounted to the relevant Tax Authority for all amounts so deducted or withheld; and
- 17.1.4 is not and, so far as the Company is aware, does not expect to be involved in a dispute in relation to Tax. No Tax Authority has investigated or given written notice that it intends to investigate any Group Company's Tax affairs.

APPENDIX 10 – COMPANY’S WARRANTIES

17.2 So far as the Company is aware, each Group Company is not a party to or otherwise involved in any transaction, agreement or arrangement with respect to any goods, services or facilities provided to it which will, or is reasonably likely to, subject it to Tax in respect of an amount deemed for Tax purposes to be income or gains of such Group Company where such amount is not reflected as income or gains of such Group Company in the 2017 Audited Accounts.

17.3 No Investigation

There is no investigation or inquiry by, or order, decree, decision of, any Tax Authority outstanding or, so far as the Company is aware, pending against any Group Company.

17.4 Company Residence

Each Group Company has been resident for tax purposes in its country of incorporation at all times since its incorporation and will remain so at the Effective Date. No Group Company is liable to pay and has at any time incurred any liability to Tax chargeable under the laws of any jurisdiction other than the jurisdiction where it is incorporated.

17.5 GST

Each Group Company has complied in all material respects with all statutory requirements, orders, provisions, directions or conditions relating to GST. There are no agreements between any Group Company, on the one hand, and any GST comptroller, on the other hand.

18. INSOLVENCY ETC.

18.1 No order has been made and no meeting has been convened or resolution passed for its winding-up or administration or for the appointment of a liquidator or provisional liquidator in respect of any Group Company.

18.2 No liquidator, provisional liquidator, administrator, receiver or an administrative receiver of any Group Company has been appointed and none of the Group Companies is aware of any proceedings having been filed under which such a person might be appointed. No notice has been given or filed with the court of an intention to appoint an administrator. No petition or application has been presented or order made for the appointment of an administrator in respect of any Group Company.

18.3 No voluntary arrangement has been proposed in respect of any Group Company.

18.4 None of the Group Companies is insolvent under the laws of any jurisdiction, or unable to pay its debts when due.

18.5 None of the Group Companies has proposed or agreed to a composition, compromise, assignment or arrangement with any of its creditors.

18.6 None of the Group Companies has stopped payment of, nor is it unable to pay, its debts as they fall due, nor has any Group Company commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness.

19. COMMISSION, FINDER’S AND OTHER FEES

No person is entitled to receive from any Group Company any finder’s fee, brokerage or other commission in connection with the Acquisition or the Scheme.

APPENDIX 11 – THE SCHEME

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
No. 994 of 2017)

**IN THE MATTER OF SECTION 210
OF THE COMPANIES ACT, CHAPTER 50**

And

**IN THE MATTER OF
FISCHER TECH LTD**
(Company Registration No. 199404532R)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

Fischer Tech Ltd

And

Shareholders (as defined herein)

And

FT Holding II Limited

APPENDIX 11 – THE SCHEME

PRELIMINARY

In this Scheme of Arrangement, except to the extent that the context requires otherwise, the following expressions shall bear the following respective meanings:

“Books Closure Date”	: A date and time to be announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of Shareholders under this Scheme
“Business Day”	: A day other than a Saturday, a Sunday or a public holiday in Singapore
“CDP”	: The Central Depository (Pte) Limited
“Companies Act”	: The Companies Act, Chapter 50 of Singapore
“Company”	: Fischer Tech Ltd
“Court”	: The High Court of the Republic of Singapore, or where applicable on appeal, the Court of Appeal of the Republic of Singapore
“Cut-off Date”	: 27 February 2018, being the date falling seven (7) months from the date of the Implementation Agreement (or such other date as may be agreed in writing between the Company and the Offeror)
“Dividends”	: (a) the final cash dividend of S\$0.03 per ordinary share; and (b) the special cash dividend of S\$0.03 per ordinary share, paid by the Company to the Shareholders (as applicable) on 17 August 2017 for the financial year ended 31 March 2017
“Effective Date”	: The date on which this Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms
“Encumbrance”	: Any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind or an agreement, arrangement or obligation (whether conditional or otherwise) to create any of the foregoing
“Entitled Shareholders”	: Shareholders as at 5:00 p.m. on the Books Closure Date
“Implementation Agreement”	: The implementation agreement dated 27 July 2017 entered into between the Company and the Offeror setting out the terms and conditions on which the Company and the Offeror will implement this Scheme
“Joint Announcement Date”	: 27 July 2017, being the date of the joint announcement by the Company and the Offeror in relation to, <i>inter alia</i> , this Scheme
“Latest Practicable Date”	: 14 September 2017, being the latest practicable date prior to the printing of the Scheme Document
“Offeror”	: FT Holding II Limited
“Register of Members”	: The register of members of the Company

APPENDIX 11 – THE SCHEME

“Scheme”	: This scheme of arrangement in its present form or with or subject to any modification thereof or amendment or addition thereto in accordance with its terms or condition(s) approved or imposed by the Court
“Scheme Consideration”	: The cash amount of S\$3.02 for each Share to be paid by the Offeror to each Entitled Shareholder in accordance with the terms of this Scheme
“Scheme Document”	: The document dated 20 September 2017 containing this Scheme and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Securities Account”	: The relevant 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
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Registrar”	: Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company
“Shareholders”	: Persons who are registered as holders of the Shares in the Register of Members and Depositors who have Shares entered against their names in the Depository Register
“Shares”	: The issued and paid-up ordinary shares in the capital of the Company (excluding, for the avoidance of doubt, any treasury shares)
“S\$” or “SGD”	: Singapore dollars, being the lawful currency of Singapore
“Transfer Books”	: The transfer books of the Company
“%” or “per cent.”	: Per centum or percentage

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

The expressions “**subsidiary**” and “**related corporations**” shall have the same meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

The term “**Shareholder**”, in relation to any Share, includes a person entitled to that Share by transmission.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

A reference to an enactment or statutory provision shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme.

Any reference to a time of day and date shall be a reference to Singapore time and date respectively, unless otherwise specified.

APPENDIX 11 – THE SCHEME

RECITALS

- (A) The Company was incorporated in Singapore on 28 June 1994 and was listed on the Main Board of the SGX-ST on 4 July 2001. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$57,835,594.01 comprising 55,760,986 Shares. The Company has no treasury shares.
- (B) The primary purpose of this Scheme is the acquisition by the Offeror of all the Shares.
- (C) The Company and the Offeror have entered into the Implementation Agreement to set out their respective rights and obligations with respect to this Scheme.
- (D) The Offeror has agreed to appear by legal counsel at the hearing of the Originating Summons to sanction this Scheme, and to consent thereto, and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

PART I

CONDITIONS PRECEDENT

- 1. This Scheme is conditional upon each condition precedent set out in Clause 3.1 of the Implementation Agreement (as reproduced in **Appendix 7** to the Scheme Document) being satisfied or, subject to the terms of the Implementation Agreement, being waived.

PART II

TRANSFER OF THE SHARES

- 2. With effect from the Effective Date, all of the Shares will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared by the Company on or after the Joint Announcement Date (other than the Dividends).
- 3. For the purpose of giving effect to the transfer of the Shares provided for in **Clause 2** of this Scheme:
 - (a) in the case of the Entitled Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Shareholders an instrument or instruction of transfer of all the Shares held by such Entitled Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Shareholder; and
 - (b) in the case of the Entitled Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Shareholders, to debit, not later than seven (7) Business Days after the Effective Date, all the Shares standing to the credit of the Securities Account of such Entitled Shareholders and credit all of such Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

PART III

PAYMENT OF SCHEME CONSIDERATION

- 4. In consideration for the transfer of the Shares to the Offeror under **Clause 2** of this Scheme and subject to **Clause 1** of this Scheme, the Offeror shall pay or procure that there shall be paid to each Entitled Shareholder the Scheme Consideration, being S\$3.02 in cash for each Share transferred pursuant to this Scheme.

APPENDIX 11 – THE SCHEME

5. Not later than seven (7) Business Days after the Effective Date, and against the transfer of the Shares set out in **Clause 2** of this Scheme, the Offeror shall make payment of the aggregate Scheme Consideration payable on the transfer of the Shares pursuant to this Scheme to:
- (i) **Entitled Shareholders whose Shares are not deposited with CDP**
- each Entitled Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to such Entitled Shareholder made out in favour of such Entitled Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Shareholder, or in the case of joint Entitled Shareholders, to both joint Entitled Shareholders made out in favour of such joint Entitled Shareholders by ordinary post to the address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Shareholders; and
- (ii) **Entitled Shareholders whose Shares are deposited with CDP**
- each Entitled Shareholder (being a Depositor) by making payment of the Scheme Consideration payable to such Entitled Shareholder to CDP. CDP shall:
- (a) in the case of an Entitled Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Scheme Consideration payable to such Entitled Shareholder to the designated bank account of such Entitled Shareholder; and
- (b) in the case of an Entitled Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, send to such Entitled Shareholder, by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date and at the sole risk of such Entitled Shareholder, or in the case of joint Entitled Shareholders, to the first named Entitled Shareholder by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled Shareholders, a cheque for the payment of such Scheme Consideration made out in favour of such Entitled Shareholder.
6. The encashment of any cheque or the crediting by CDP of the aggregate Scheme Consideration in such other manner as the Entitled Shareholder may have agreed with CDP for payment of any Scheme Consideration as referred to in **Clause 5** of this Scheme shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.
7. (a) On and after the day being six (6) calendar months after the posting of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
- (b) The Company or its successor entity shall hold such moneys until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to **Clause 5** of this Scheme to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in **Clause 5** of this Scheme for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to **Clause 4** of this Scheme.

APPENDIX 11 – THE SCHEME

- (c) On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under this Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in **Clause 7(a)** of this Scheme including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.
 - (d) **Clause 7(c)** of this Scheme shall take effect subject to any prohibition or condition imposed by law.
8. From the Effective Date, each existing share certificate representing a former holding of Shares by Entitled Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby. The Entitled Shareholders (not being Depositors) shall be required to forward their existing share certificates relating to their Shares to the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation.

PART IV

EFFECTIVE DATE

9. Subject to the satisfaction of the conditions precedent set out in **Clause 1** of this Scheme, this Scheme shall become effective and binding upon a copy of the order of the Court sanctioning this Scheme under Section 210 of the Companies Act being duly lodged with the Accounting and Corporate Regulatory Authority of Singapore for registration.
10. Unless this Scheme shall have become effective and binding as aforesaid on or before the Cut-off Date (or such other date as the Court on the application of the Company or the Offeror may allow), this Scheme shall lapse.
11. The Company and the Offeror may jointly consent, for and on behalf of all concerned, to any modification of, or amendment to, this Scheme or to any condition which the Court may think fit to approve or impose.
12. In the event that this Scheme does not become effective and binding for any reason, the costs and expenses incurred by the Company in connection with this Scheme will be borne by the Company.
13. This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and Shareholders submit to the non-exclusive jurisdiction of the courts of Singapore. A person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term or provision of this Scheme.

Dated this 20th day of September 2017

APPENDIX 12 – NOTICE OF SCHEME MEETING

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
No. 994 of 2017)

**IN THE MATTER OF SECTION 210
OF THE COMPANIES ACT, CHAPTER 50**

And

**IN THE MATTER OF
FISCHER TECH LTD**
(Company Registration No. 199404532R)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

Fischer Tech Ltd

And

Shareholders (as defined herein)

And

FT Holding II Limited

APPENDIX 12 – NOTICE OF SCHEME MEETING

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that by an Order of Court made in the above matter, the High Court of the Republic of Singapore (the “**Court**”) has directed a meeting (the “**Scheme Meeting**”) of Shareholders (as defined in the Schedule hereto) of Fischer Tech Ltd (the “**Company**”) to be convened and such Scheme Meeting shall be held at 39 Scotts Road, Sheraton Towers Singapore, Ballroom 1, Level Two, Singapore 228230 on 6 October 2017 at 3:00 p.m., for the purpose of considering and, if thought fit, approving (with or without modification) the following resolution:

“That the Scheme of Arrangement dated 20 September 2017 proposed to be made pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore, between (i) the Company, (ii) Shareholders and (iii) FT Holding II Limited, a copy of which has been circulated with the Notice convening this Scheme Meeting, be and is hereby approved.”

A copy of the said Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 211 of the Companies Act, are incorporated in the Scheme Document (as defined in the Schedule hereto) of which this Notice forms part.

Shareholders (including Overseas Shareholders (as defined in the Schedule hereto)) may obtain copies of the Scheme Document and any related documents during normal business hours and up to the date of the Scheme Meeting from the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may write in to the Share Registrar at the same address to request for the Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three (3) Market Days (as defined in the Schedule hereto) prior to the date of the Scheme Meeting.

A Shareholder may vote in person at the Scheme Meeting or may appoint one (and not more than one) proxy, whether a member of the Company or not, to attend and vote in his stead.

A form of proxy applicable for the Scheme Meeting (“**Proxy Form**”) is enclosed with the Scheme Document of which this Notice forms part.

It is requested that Proxy Forms be lodged with the Share Registrar at the same address not less than 48 hours before the time fixed for holding the Scheme Meeting.

Each Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where a Proxy Form is executed by a corporation, it must be either executed under its common seal or signed by its attorney.

A corporation which is a Shareholder may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Scheme Meeting, in accordance with Section 179 of the Companies Act.

In the case of joint holders of Shares (as defined in the Schedule hereto), any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first in the Register of Members or, as the case may be, the Depository Register (as defined in Section 81SF of the SFA) shall alone be entitled to vote.

By the said Order of Court, the Court has appointed Mr. Foo Meng Tong, or failing him, any director of the Company, to act as Chairman of the Scheme Meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to, *inter alia*, the subsequent approval of the Court.

APPENDIX 12 – NOTICE OF SCHEME MEETING

THE SCHEDULE

Expression	Meaning
“Companies Act”	The Companies Act, Chapter 50 of Singapore
“Market Day”	A day on which the Singapore Exchange Securities Trading Limited is open for the trading of securities
“Overseas Shareholders”	Shareholders whose addresses are outside Singapore, as shown in the Register of Members or, as the case may be, in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore)
“Register of Members”	The register of members of the Company
“Scheme Document”	The document dated 20 September 2017 containing the said Scheme of Arrangement and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“SFA”	The Securities and Futures Act, Chapter 289 of Singapore
“Shareholders”	Persons who are registered as holders of Shares in the Register of Members and Depositors who have Shares entered against their names in the Depository Register (as defined in Section 81SF of the SFA)
“Shares”	The issued and paid-up ordinary shares in the capital of the Company (excluding, for the avoidance of doubt, any treasury shares)

Personal data privacy:

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

Dated this 20th day of September 2017

Drew & Napier LLC
10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

Solicitors for
Fischer Tech Ltd

This page has been intentionally left blank.

PROXY FORM FOR SCHEME MEETING

Important:

CPF/SRS investors

- 1 For investors who have used their CPF/SRS moneys to buy the Shares, this Scheme Document is forwarded to them at the request of their CPF/SRS approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- 3 CPF/SRS investors who wish to attend the Scheme Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Share Registrar (please see Note No. 9 on the reverse side).

Personal data privacy

By submitting an instrument appointing a proxy and/or representative, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting dated 20 September 2017.

FISCHER TECH LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199404532R)

FORM OF PROXY FOR USE AT THE SCHEME MEETING (OR ANY ADJOURNMENT THEREOF) OF THE SHAREHOLDERS (AS DEFINED BELOW) IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
No. 994 of 2017)

**IN THE MATTER OF SECTION 210 OF THE
COMPANIES ACT, CHAPTER 50**

And

**IN THE MATTER OF
FISCHER TECH LTD**
(Company Registration No. 199404532R)

...Applicant

SCHEME OF ARRANGEMENT

under Section 210 of the Companies Act, Chapter 50

Between

Fischer Tech Ltd

And

Shareholders (as defined herein)

And

FT Holding II Limited



PROXY FORM FOR SCHEME MEETING

*I/We (Name) _____,

NRIC/Passport No./Co. Regn. No.: _____

of (Address) _____,

(Telephone Number) _____,

being a member/members (collectively, the “**Shareholders**” and each a “**Shareholder**”) of FISCHER TECH LTD (the “**Company**”) hereby appoint:

Name	Address	NRIC/Passport No.

or failing *him/her, the Chairman of the Scheme Meeting, as *my/our proxy to attend and vote for *me/us on *my/our behalf, at the Scheme Meeting to be held at 39 Scotts Road, Sheraton Towers Singapore, Ballroom 1, Level Two, Singapore 228230 on 6 October 2017 at 3:00 p.m. and at any adjournment thereof, for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme of Arrangement referred to in the notice convening the Scheme Meeting, and at such Scheme Meeting (or at any adjournment thereof) to vote for *me/us and in *my/our name(s) for the said Scheme (either with or without modification, as *my/our proxy may approve) or against the said Scheme as hereunder indicated.

*I/We direct *my/our proxy to vote for or against the Scheme at the Scheme Meeting. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion, as *his/her will on any other matter arising at the Scheme Meeting. If no person is named in the above boxes, the Chairman of the Scheme Meeting shall be *my/our proxy to vote, for or against the Scheme at the Scheme Meeting, for *me/us and on *my/our behalf at the Scheme Meeting and at any adjournment thereof.

If you wish to vote “for” the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked “For” as set out below. If you wish to vote “against” the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked “Against” as set out below. DO NOT TICK IN BOTH BOXES.

Resolution	For	Against
To approve the Scheme of Arrangement		

** Delete accordingly*

Dated this _____ day of _____

Total No. of Shares Held:

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

IMPORTANT: PLEASE READ NOTES ON THE OPPOSITE PAGE

PROXY FORM FOR SCHEME MEETING

Notes:

- 1 A Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint one (and not more than one) proxy to attend and vote instead of him. A proxy need not be a member of the Company. The appointment of a proxy by this instrument shall not preclude a Shareholder from attending and voting in person at the Scheme Meeting. If a Shareholder attends the Scheme Meeting in person, the appointment of a proxy shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy to the Scheme Meeting.
- 2 This instrument of proxy must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be either executed under its common seal or signed by its attorney.
- 3 A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Scheme Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
- 4 This instrument appointing a proxy (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Scheme Meeting.
- 5 A Shareholder should insert the number of Shares held in this instrument of proxy and in respect of which he wishes to cast his vote. If the Shareholder has Shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of Shares. If the Shareholder has Shares registered in his name in the Register of Members, he should insert that number of Shares. If the Shareholder has Shares entered against his name in the Depository Register as well as Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by the Shareholder.
- 6 In the case of joint holders of Shares, any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first on the Register of Members or (as the case may be) the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) shall alone be entitled to vote.
- 7 Any alteration made to this instrument of proxy should be initialled by the person who signs it.
- 8 The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, unexecuted or improperly executed, or illegible, or where in the Company's opinion the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy or if this instrument of proxy is not submitted on time or in accordance with Note 4 above. In addition, in the case of a Shareholder whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the Shareholder, being the appointor, is not shown to have Shares, or the number of Shares in relation to which the proxy has been appointed, entered against his name in the Depository Register at least 48 hours before the time appointed for holding the Scheme Meeting as certified by The Central Depository (Pte) Limited to the Company.
- 9 CPF Agent Banks and/or SRS Agent Banks acting on the request of the CPF investors and/or SRS Investors who wish to attend the Scheme Meeting as observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for holding the Scheme Meeting.
- 10 All capitalised terms not otherwise defined herein shall have the meanings given to them in the Company's Scheme Document dated 20 September 2017.