

CIRCULAR DATED 19 JANUARY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in doubt about its contents or the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent professional adviser immediately.

If you have sold or transferred all your ordinary shares in the share capital of Libra Group Limited (the “**Company**”) represented by physical share certificate(s), you should forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Stamford Corporate Services Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The Sponsor has not independently verified the contents of this Circular.

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

The contact person for the Sponsor is Mr Yap Wai Ming of Stamford Corporate Services Pte. Ltd., telephone (+65) 6389 3000 and email waiming.yap@morganlewis.com.



CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED ACQUISITION OF 51% OF THE ISSUED AND PAID-UP SHARES IN YC CAPITAL CONSOLIDATED SDN. BHD. AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES (THE “PROPOSED YC ACQUISITION”); AND**
- (2) THE PROPOSED ISSUE AND ALLOTMENT OF 93,750,000 ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.128 PER SHARE (THE “CONSIDERATION SHARES”) AND THE PROPOSED ISSUE AND ALLOTMENT OF UP TO 15,625,000 ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.128 PER SHARE (THE “EARN-OUT INCENTIVE SHARES”).**

Independent Financial Adviser in relation to the Proposed YC Acquisition



(Incorporated in the Republic of Singapore)
(Company Registration Number 201109968H)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form : 2 February 2018 at 9.30 a.m.

Date and time of Extraordinary General Meeting : 5 February 2018 at 9.30 a.m.

Place of Extraordinary General Meeting : Seletar Country Club, 101 Seletar Club Road, Singapore 798273

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DEFINITIONS

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

<i>"Act"</i>	: The Companies Act, Cap. 50, of Singapore, as may be amended or modified from time to time
<i>"Audit Committee"</i>	: The audit committee of the Company, currently chaired by Mr Kong Chee Keong and consisting of members Mr Soon Ai Kwang and Ms Gn Jong Yuh Gwendolyn
<i>"Audited Accounts"</i>	: Has the meaning ascribed to it in Section 2.6.2(viii) of this Circular
<i>"Board" or "Board of Directors"</i>	: The board of directors of the Company as at the date of this Circular or from time to time, as the case may be
<i>"Business Day"</i>	: A day on which commercial banks are open for business in Singapore (other than Saturdays, Sundays or public holidays in Singapore)
<i>"Catalist"</i>	: The sponsor-supervised listing platform of the SGX-ST
<i>"Catalist Rules"</i>	: The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended or modified from time to time
<i>"CDP"</i>	: The Central Depository (Pte) Limited
<i>"Circular"</i>	: This circular to Shareholders dated 19 January 2018
<i>"Cocoffee"</i>	: Cocoffee De Peninsula Sdn. Bhd. (Malaysia Company Registration Number 1239853-T), a company incorporated in Malaysia on 24 July 2017
<i>"Company"</i>	: Libra Group Limited
<i>"Completion"</i>	: The completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the YC SPA
<i>"Completion Date"</i>	: The date falling three (3) Business Days after the satisfaction (or, where capable of being waived, the waiver) of the conditions precedent set forth in the YC SPA, or such other date as the Company and Vendor may agree in writing
<i>"Consideration"</i>	: Has the meaning ascribed to it in Section 2.6.1 of this Circular
<i>"Consideration Shares"</i>	: The 93,750,000 ordinary shares in the share capital of the Company to be allotted and issued at an issue price of S\$0.128 per share, credited as fully paid-up, in satisfaction of the Consideration which when allotted and issued will rank <i>pari passu</i> in all respects with the then existing Shares, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of the allotment and issuance of the Consideration Shares
<i>"Controlling Shareholder"</i>	: A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company

DEFINITIONS

<i>"Director"</i>	: A director of the Company as at the date of this Circular or from time to time, as the case may be
<i>"Due Diligence Investigations"</i>	: Has the meaning ascribed to it in Section 2.6.2(iv) of this Circular
<i>"Earn-out Incentive"</i>	: Has the meaning ascribed to it in Section 2.6.4 of this Circular
<i>"Earn-out Incentive Shares"</i>	: Up to 15,625,000 ordinary shares in the share capital of the Company to be allotted and issued at an issue price of S\$0.128 per share, credited as fully paid-up, in satisfaction of the Earn-out Incentive which when allotted and issued will rank <i>pari passu</i> in all respects with the then existing Shares, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of the allotment and issuance of the Earn-out Incentive Shares
<i>"EGM"</i>	: The extraordinary general meeting of the Company to be held on 5 February 2018 at 9.30 a.m. at 5 February 2018 at 9.30 a.m., notice of which is set out on page N-1 of this Circular
<i>"EPS"</i>	: Earnings per Share
<i>"FAME"</i>	: FAME Local Products Sdn. Bhd. (Malaysia Company Registration Number 1173629-W), a company incorporated in Malaysia on 22 January 2016
<i>"FY2016"</i>	: Financial year ended 31 December 2016
<i>"FY2017"</i>	: Financial year ended 31 December 2017
<i>"FY2018"</i>	: Financial year ending 31 December 2018
<i>"Group"</i>	: Libra Group Limited and its subsidiaries collectively
<i>"IFA"</i>	: RHT Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Recommending Directors on the Proposed YC Acquisition
<i>"IFA Letter"</i>	: The letter dated 19 January 2018 issued by the IFA to the Recommending Directors in respect of the Proposed YC Acquisition as an interested person transaction as set out in Appendix B to this Circular
<i>"Independent Professional Valuer"</i>	: BDO Advisory Pte. Ltd., the independent professional valuer appointed by the Company to conduct an independent valuation on the Target Group
<i>"Investment Property"</i>	: Has the meaning ascribed to it in Section 2.6.3(i) of this Circular
<i>"Investment Property Disposal"</i>	: Has the meaning ascribed to it in Section 2.6.3(i) of this Circular
<i>"Investment Property Indebtedness"</i>	: Has the meaning ascribed to it in Section 2.6.3(ii) of this Circular
<i>"KLPO"</i>	: KL Premium Outlet Sdn. Bhd. (Malaysia Company Registration Number 1194084-P), a company incorporated in Malaysia on 11 July 2016

DEFINITIONS

<i>"Latest Practicable Date"</i>	: 12 February 2018, being the latest practicable date prior to the printing of this Circular
<i>"Long Stop Date"</i>	: 31 March 2018, or such other date as the Company and the Vendor may agree in writing
<i>"Management Accounts"</i>	: Has the meaning ascribed to it in Section 2.6.2(viii) of this Circular
<i>"Notice of EGM"</i>	: The notice of EGM which is set out on page N-1 of this Circular
<i>"NTA"</i>	: Net tangible assets
<i>"Proposed Resolutions"</i>	: Has the meaning ascribed to it in Section 1.1 of this Circular
<i>"Proposed YC Acquisition"</i>	: The proposed acquisition of 51% of the issued and paid-up shares in YC Capital Consolidated Sdn. Bhd. as an interested person transaction under Chapter 9 of the Catalyst Rules and a major transaction under Chapter 10 of the Catalyst Rules. Further details are set out in Section 2 of this Circular
<i>"Proxy Form"</i>	: The proxy form in respect of the EGM as set out in this Circular
<i>"Recommending Directors"</i>	: The Directors who are regarded as independent in respect of the Proposed YC Acquisition, namely, Mr Xu Ruibing, Mr Kong Chee Keong, Mr Soon Ai Kwang and Ms Gn Jong Yuh Gwendolyn
<i>"Sale Shares"</i>	: The 1,020,000 ordinary shares in the share capital of the Target, representing 51% of the issued and paid-up share capital of the Target which the Vendor has agreed to sell, and the Company has agreed to purchase, under the terms and conditions of the YC SPA
<i>"Securities Accounts"</i>	: The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
<i>"SFA"</i>	: The Securities and Futures Act, Cap. 289, of Singapore, as may be amended or modified from time to time
<i>"SGX-ST"</i>	: The Singapore Exchange Securities Trading Limited
<i>"Shareholders"</i>	: The registered holders of Shares, except that where the registered holder is CDP, the term <i>"Shareholders"</i> in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
<i>"Shares"</i>	: Ordinary shares in the share capital of the Company
<i>"Sponsor"</i>	: Stamford Corporate Services Pte. Ltd., the sponsor of the Company
<i>"Substantial Shareholder"</i>	: A person who has an interest or interests in one or more voting Shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting Shares in the Company

DEFINITIONS

<i>"Target"</i>	: YC Capital Consolidated Sdn. Bhd. (Malaysia Company Registration Number 1014113-U), a company incorporated in Malaysia on 15 August 2012
<i>"Target Group"</i>	: The Target and its subsidiaries collectively. The Target's subsidiaries comprise: <ul style="list-style-type: none">(a) YCT;(b) FAME;(c) KLPO;(d) TDG; and(e) Cocoffee, each a <i>"Target Group Company"</i>
<i>"TDG"</i>	: Tian Di Global Sdn. Bhd. (Malaysia Company Registration Number 917122-X), a company incorporated in Malaysia on 6 October 2010
<i>"Tourism Business"</i>	: The business of providing leisure and corporate travel and travel related services in Asia, which includes, among others, making arrangements for air tickets and accommodation, advising on leisure travel packages and offering of other travel related services and products. The Company has obtained Shareholders' approval to diversify into the Tourism Business at an extraordinary general meeting of the Company held on 5 August 2015. Please refer to the Company's circular to Shareholders dated 13 July 2015 for further details of the activities under the Tourism Business
<i>"treasury shares"</i>	: Shares that were, or are treated as having been, acquired and held by the Company in accordance with Section 76H of the Act, and have been held continuously by the Company since they were so acquired and have not been cancelled
<i>"Valuation Report"</i>	: The report dated 19 January 2018 issued by the Independent Professional Valuer in respect of the independent valuation on the Target Group as set out in Appendix A to this Circular
<i>"Vendor"</i>	: Mr Chu Sau Ben, the legal and beneficial owner of the 1,020,000 Sale Shares, representing 51% of the issued and paid-up share capital of the Target
<i>"YC Shareholders"</i>	: Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad
<i>"YC SPA"</i>	: The conditional sale and purchase agreement dated 10 October 2017 entered into between the Company, the YC Shareholders and the Target in relation to the Proposed YC Acquisition as amended by the YC Supplemental Agreement
<i>"YC Supplemental Agreement"</i>	: Has the meaning ascribed to it in Section 2.1 of this Circular
<i>"YCT"</i>	: YC Travel & Tours Sdn. Bhd. (Malaysia Company Registration Number 811016-V), a company incorporated in Malaysia on 25 March 2008

DEFINITIONS

Currencies, Units and Others

"MYR"	: Malaysia ringgit, the lawful currency of Malaysia
"S\$" and "cents"	: Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
"%"	: Per centum or percentage

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

The term "*associate*", "*associated company*" and "*subsidiary*" shall have the same meanings ascribed to them respectively in the Catalist Rules and the Act.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning ascribed to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless the context requires otherwise.

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

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

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

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

Exchange Rate

For the purpose of this Circular, unless otherwise stated, the exchange rate of MYR1 : S\$0.3224 obtained from the Monetary Authority of Singapore on 9 October 2017 shall be applied throughout this Circular.

LETTER TO SHAREHOLDERS

LIBRA GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 201022364R)

Board of Directors:

Chu Sau Ben	(Executive Chairman and Chief Executive Officer)
Xu Ruibing	(Executive Director)
Kong Chee Keong	(Lead Independent Director)
Soon Ai Kwang	(Independent Non-Executive Director)
Gn Jong Yuh Gwendolyn	(Independent Non-Executive Director)

Registered Office:

21 Ubi Road 1
#02-02
Singapore 408724

19 January 2018

To: The Shareholders of Libra Group Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 EGM

The Board is convening an EGM to be held on 5 February 2018 to seek Shareholders' approval for the following ordinary resolutions:

- (i) the Proposed YC Acquisition (Ordinary Resolution 1); and
- (ii) the proposed issue and allotment of 93,750,000 Consideration Shares at an issue price of S\$0.128 per Consideration Share and the proposed issue and allotment of up to 15,625,000 Earn-out Incentive Shares at an issue price of S\$0.128 per Earn-out Incentive Share (Ordinary Resolution 2),

(collectively, the "**Proposed Resolutions**").

1.2 Inter-conditionality

Shareholders should note that the passing of Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional upon the passing of the other. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed at the EGM, both Ordinary Resolution 1 and Ordinary Resolution 2 will not be passed.

1.3 Circular

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Resolutions. Shareholders' approval will be sought at the EGM held on 5 February 2018 at 9.30 a.m., notice of which is set out on page N-1 of this Circular.

1.4 SGX-ST

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.

LETTER TO SHAREHOLDERS

2. THE PROPOSED YC ACQUISITION

2.1 Introduction

On 10 October 2017, the Company announced, among others, that it had entered into the YC SPA with the Vendor, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and the Target in relation to the purchase of 1,020,000 ordinary shares in the share capital of the Target, representing 51% of the issued and paid-up share capital of the Target from the Vendor.

On 2 January 2018, the Company announced, among others, that the Company and the Vendor have mutually agreed in writing to extend the Long Stop Date from 31 December 2017 to 31 March 2018, or such other date as the Company and the Vendor may agree in writing.

On 10 January 2018, the Company announced, among others, that it has entered into a supplemental agreement with the Vendor, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and the Target to supplement certain terms of the YC SPA (the “**YC Supplemental Agreement**”), including, among others, the following:

- (i) the revision of the consideration payable for the Proposed YC Acquisition from S\$15,000,000 to S\$12,000,000 (equivalent to approximately MYR37,220,844) with additional incentive payouts of up to S\$2,000,000 (equivalent to approximately MYR6,203,474) should the Target Group achieve certain profits to be settled by way of an allotment and issuance of Earn-out Incentive Shares to the Vendor;
- (ii) the identification of one of its indirect wholly-owned subsidiaries, Libra Engineering Sdn. Bhd. (Malaysia Company Registration No. 893835-P), to acquire the Sale Shares; and
- (iii) the undertaking that the Vendor shall not sell any of the 93,750,000 Consideration Shares until the Business Day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for FY2018.

The Proposed YC Acquisition is an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules.

Libra Engineering Sdn. Bhd. is wholly-owned by Libra Engineering Pte. Ltd. (Singapore Company Registration No. 200514501D), a direct wholly-owned subsidiary of the Company. Upon Completion, the Target will become a 51%-held subsidiary of Libra Engineering Sdn. Bhd..

2.1.2 The Proposed YC Acquisition as an interested person transaction

The Vendor, Mr Chu Sau Ben, who is the Executive Chairman and the Chief Executive Officer of the Company, and who is also a Controlling Shareholder of the Company, is an interested person under Chapter 9 of the Catalist Rules. Accordingly, the Proposed YC Acquisition constitutes an interested person transaction under Chapter 9 of the Catalist Rules.

As the total value of the Proposed YC Acquisition represents approximately 59.96% (which is more than 5%) of the Group's latest audited NTA as at 31 December 2016, Shareholders' approval for the Proposed YC Acquisition is required.

Please refer to Section 2.7 of this Circular for further information on the Proposed YC Acquisition as an interested person transaction under Chapter 9 of the Catalist Rules.

2.1.3 The Proposed YC Acquisition as a major transaction

As the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules is more than 75% but does not exceed 100%, the Proposed YC Acquisition is a major transaction under Chapter 10 of the Catalist Rules. Accordingly, Shareholders' approval for the Proposed YC Acquisition is required.

LETTER TO SHAREHOLDERS

Please refer to Section 2.8 of this Circular for further information on the Proposed YC Acquisition as a major transaction under Chapter 10 of the Catalist Rules.

2.2 Information on the Vendor, Mr Chu Sau Ben

The Vendor, Mr Chu Sau Ben, is the Executive Chairman and the Chief Executive Officer of the Company, and is also a Controlling Shareholder of the Company. As at the Latest Practicable Date, Mr Chu Sau Ben has, in aggregate, a direct and deemed interest in 59,773,000 Shares in the Company, representing approximately 50.00% of the total number issued and paid-up Shares in the Company.

Mr Chu Sau Ben is the legal and beneficial owner of 51% of the entire issued and paid-up share capital of the Target.

Mr Chu Sau Ben is presently a director of the Target and the executive chairman of YCT. He is currently responsible for the overall management, strategic planning and business development of the Target Group. Subsequent to Completion, he will continue to be a director of the Target and the executive chairman of YCT, and continue to fulfil the aforementioned responsibilities in the Target Group.

2.3 Information on the Target and the Target Group

The information on the Target and the Target Group provided below was provided to the Company by the representatives of the Target. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

2.3.1 The Target

The Target is a private limited company incorporated in Malaysia on 15 August 2012. The Target has been principally engaged in the business of investment holding. As at the Latest Practicable Date, the Target has a total issued and paid-up share capital of MYR2,000,000 comprising 2,000,000 ordinary shares. The directors of the Target are Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad.

As at the Latest Practicable Date, the shareholders of the Target are as follows:

Shareholder of Target	Number of ordinary shares in the share capital of the Target	Number of ordinary shares in the shares in the share capital of the Target as a percentage of the entire issued and paid-up share capital of the Target
Mr Chu Sau Ben	1,020,000	51%
Mr Choong Hin Seong	880,000	44%
Tuan Haji Anuar bin Ahmad	100,000	5%

2.3.2 Mr Choong Hin Seong

Mr Choong Hin Seong has over 20 years' of experience in the tourism industry. Due to the connections that Mr Choong Hin Seong has built over the years, he is able to develop the Target Group's relationships with overseas businesses, local businesses and community partners to ensure their engagement and high level of support of the Target Group's business. Save for the business relationship with Mr Chu Sau Ben in respect of the Target Group's business, Mr Choong Hin Seong, a Malaysian national, does not have any relationship, direct or indirect (including any business relationship), with the Company, the Group, its Directors or its Substantial Shareholders.

LETTER TO SHAREHOLDERS

Mr Choong Hin Seong is presently a director of the Target and the managing director of YCT. His current responsibilities in the Target Group include strategic decision making, management and setting of the vision and mission of the Target Group. Subsequent to Completion, he will continue to be a director of the Target and the managing director of YCT, and continue to fulfil the aforementioned responsibilities in the Target Group.

2.3.3 Tuan Haji Anuar bin Ahmad

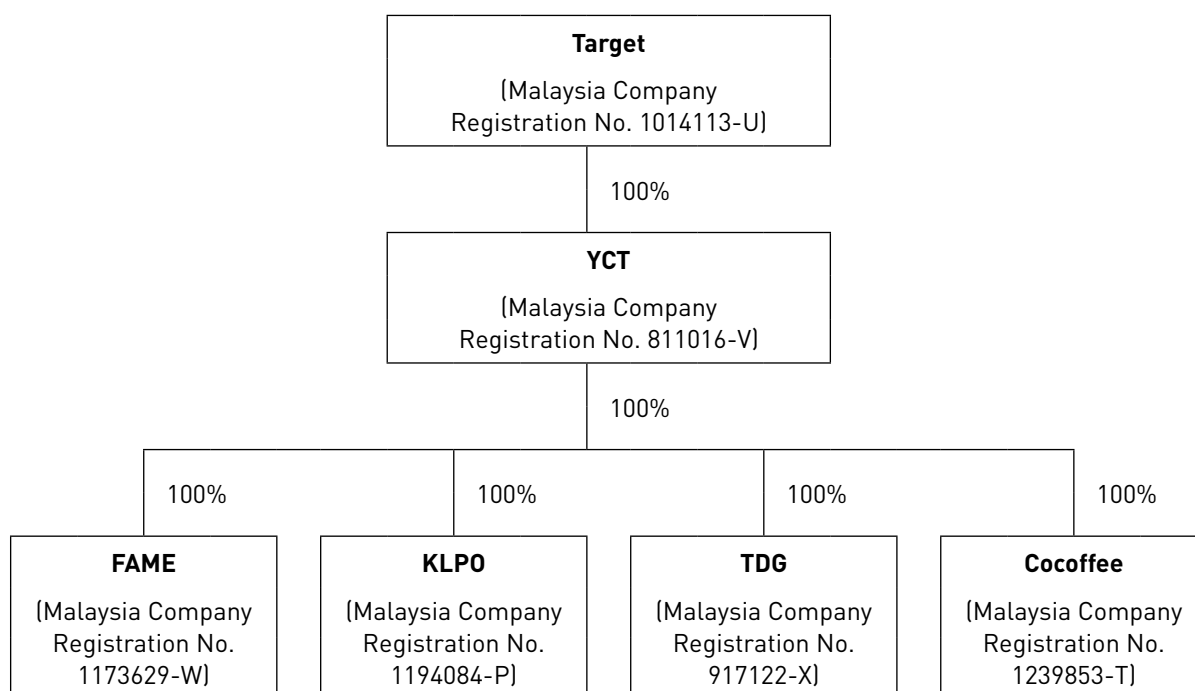
Tuan Haji Anuar bin Ahmad is an entrepreneur and businessman. His vast experience with the government sector and his stint in the private sector is valuable to the Target Group in areas of new business development within the tourism industry. Save for the business relationship with Mr Chu Sau Ben in respect of the Target Group's business, Tuan Haji Anuar bin Ahmad, a Malaysian national, does not have any relationship, direct or indirect (including any business relationship), with the Company, the Group, its Directors or its Substantial Shareholders.

Tuan Haji Anuar bin Ahmad is presently a director of the Target and a director of YCT. His roles in the Target Group include dealing with government related parties, advising on statutory obligations and assisting in decision making. Subsequent to Completion, he will continue to be a director of the Target and a director of YCT, and continue to fulfil the aforementioned responsibilities in the Target Group.

2.3.4 Group structure of the Target Group

The Company wishes to update Shareholders that as at the Latest Practicable Date, the Target has become the shareholder of the entire issued and paid-up share capital of YCT. Accordingly, the Company is satisfied that the condition precedent as set out in Section 2.6.2(iii) of this Circular has been fulfilled.

The group structure of the Target Group as at the Latest Practicable Date is set out in the diagram below.



LETTER TO SHAREHOLDERS

2.3.5 YCT

YCT is a private limited company incorporated in Malaysia on 25 March 2008. YCT has been principally engaged in the business of providing travel and tour agency services since March 2008. The directors of YCT are Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad.

2.3.6 FAME

FAME is a private limited company incorporated in Malaysia on 22 January 2016. FAME has been principally engaged in the business of retailing of local goods and products since June 2016. The directors of FAME are Mr Choong Hin Seong and Mr Low Kee Kian.

2.3.7 KLPO

KLPO is a private limited company incorporated in Malaysia on 11 July 2016. KLPO has been principally engaged in the business of retailing of luxury items since October 2016. The directors of KLPO are Mr Choong Hin Seong and Tuan Haji Anuar Bin Ahmad.

2.3.8 TDG

TDG is a private limited company incorporated in Malaysia on 6 October 2010. TDG has been principally engaged in the business of retailing of latex products since October 2010. The directors of TDG are Ms Lee Ching Mei, Mr Koh Kwan Hong, Mr Low Kee Kian and Mr Phan Cheen-Hau.

2.3.9 Cocoffee

Cocoffee is a private limited company incorporated in Malaysia on 24 July 2017. Cocoffee has been principally engaged in the business of retailing of local products since September 2017. The directors of Cocoffee are Mr Tshai Hon Seng and Mr Aw Kar Yong.

2.3.10 Licences, permits and regulatory approval

Shareholders should note that the Target Group's business is subject to various government regulations. In particular, licences, permits or regulatory approval may be required for, among others, the provision of travel and tour agency services by YCT. The Company has obtained advice from legal advisers in Malaysia that up to 70% foreign equity participation by a Singapore company is allowed for a tour operating and travel agency licence with the scope of inbound and ticketing. YCT's current tour operating and travel agency licence is valid until 24 September 2020. YCT is required to seek renewal of such tour operating and travel agency licence upon its expiry. Other licences required by the Target Group Companies include business premise licences and signboard licences.

2.4 **Key financial information on the Target and the Target Group**

The key financial information on the Target and the Target Group provided below was provided to the Company by the representatives of the Target. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

2.4.1 The Target

Based on the unaudited accounts of the Target for the financial year ended 31 December 2016, the Target has a book value and NTA of MYR1,548,869 (equivalent to approximately S\$499,355).

LETTER TO SHAREHOLDERS

2.4.2 YCT

Based on the audited accounts of YCT for the financial year ended 31 December 2016, YCT has a book value and NTA of MYR17,071,778 (equivalent to approximately S\$5,503,941). The book value and NTA of YCT includes the Investment Property which has a book value of MYR8,831,259 (equivalent to approximately S\$2,847,198). Pursuant to the terms and conditions of the YC SPA, the Company, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and the Target have agreed to dispose of the Investment Property on or before the date falling 12 months from the Completion Date. Please refer to Section 2.6.3 of this Circular for further information on the post-Completion covenants of the Company and the YC Shareholders.

2.4.3 FAME

Based on the audited accounts of FAME for the financial year ended 31 December 2016, FAME has a book value and NTA of MYR792,365 (equivalent to approximately S\$255,458).

2.4.4 KLPO

Based on the audited accounts of KLPO for the financial year ended 31 December 2016, KLPO has a negative book value and NTA of MYR38,539 (equivalent to approximately S\$12,425).

2.4.5 TDG

Based on the audited accounts of TDG for the financial year ended 31 December 2016, TDG has a book value and NTA of MYR714,685 (equivalent to approximately S\$230,414).

2.4.6 Cocoffee

Based on the unaudited management accounts of Cocoffee dated 31 July 2017, Cocoffee has a negative book value and NTA of MYR1,667 (equivalent to approximately S\$537).

2.4.7 Valuation

The Company has appointed BDO Advisory Pte. Ltd. as its Independent Professional Valuer to conduct an independent valuation on the indicative fair market value of the Sale Shares.

The Valuation Report issued by the Independent Professional Valuer in respect of the independent valuation on the Target Group is reproduced in Appendix A to this Circular. The independent valuation has taken into consideration the values implied by a combination of an asset based approach, a discounted cash flow analysis and a comparable companies analysis.

On page 7 of the Valuation Report, the Independent Professional Valuer has assessed a fair value range for the Sale Shares to be between MYR51,173,000 and MYR56,728,000 (equivalent to approximately S\$16,224,000 and S\$17,985,000 exchange rate of MYR3.1542 : S\$1 obtained from Bloomberg L.P. on 31 July 2017).

Shareholders are advised to read and consider the Valuation Report issued by the Independent Professional Valuer in respect of the independent valuation on the Target Group carefully, in particular the terms of reference, key assumptions and critical factors. The Valuation Report is reproduced in its entirety in Appendix A to this Circular.

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2.4.8 Income statement of the Target Group

(MYR'000)	Management accounts as at 31 July 2017	Adjustments			Management accounts as at 31 July 2017 after adjustments
		Management and financial due diligence recommendations	Investment Property	Waiver of shareholder's loan	
Revenue	78,523	882			79,405
Cost of sales	(62,258)				(62,258)
Gross profit	16,265				17,147
Other income	318	(46)			272
Administrative expenses	(6,177)	53			(6,124)
Other operating expenses	(5,326)	(785)	496		(5,615)
Other operating expenses – normalisation adjustments ⁽¹⁾	–	(30,395)		17,192	(13,203)
Operating profit / (loss)	5,080				(7,523)
Finance costs	(1,158)	(55)	577		(636)
Profit / (loss) before tax	3,922				(8,159)
Tax expenses	(125)				(125)
Profit / loss after tax	3,797				(8,284)

Note:

(1) These normalisation adjustments are one-off, non-recurring and in relation to events which occurred mainly prior to FY2017.

2.4.9 Balance sheet of the Target Group

	Adjustments				
(MYR'000)	Management accounts as at 31 July 2017	Management and financial due diligence recommendations	Investment Property	Waiver of shareholder's loan and repayment from directors	Management accounts as at 31 July 2017 after adjustments
<u>Non-current assets</u>					
Property, plant and equipment	33,577	(223)	(30,355)		2,999
Total non-current assets	33,577				2,999
<u>Current assets</u>					
Inventories	2,641				2,641
Trade receivables	7,316	(2,130)			5,186
Other receivables, deposits and prepayments	45,843	(27,545)			18,298
Amount due from directors	1,521			(1,521)	–
Fixed deposits	1,086				1,086
Cash and bank balances	3,065	93		1,521	4,679
Total current assets	61,472				31,890
Total assets	95,049				34,889

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		Adjustments			
(MYR'000)	Management accounts as at 31 July 2017	Management and financial due diligence recommendations	Investment Property	Waiver of shareholder's loan and repayment from directors	Management accounts as at 31 July 2017 after adjustments
<u>Current liabilities</u>					
Trade payables	5,282	2,510			7,792
Other payables and accruals	21,228	1,014			22,242
Amount owing to directors	17,192			(17,192)	–
Finance lease payable	404	(27)			377
Bank overdraft	714				714
Current tax liabilities	648				648
Total current liabilities	45,468				31,773
<u>Non-current liabilities</u>					
Finance lease payable	1,554	(135)			1,419
Other bank borrowing	23,386		(21,614)		1,772
Deferred tax liabilities	50				50
Total non-current liabilities	24,990				3,241
<u>Equity attributable to owners of the Company</u>					
Share capital	2,000				2,000
Reserves	22,591	(33,167)	(8,741)	17,192	(2,125)
Total equity	24,591				(125)
Total liabilities and equity	95,049				34,889
Net asset value (MYR)	24,591				(125)
Net asset value (S\$)	7,928				(40)

2.5 Rationale for the Proposed YC Acquisition and benefits to the Company

The Directors are of the view that the Proposed YC Acquisition is in line with the Group's goal to increase Shareholders' value, and is in the best interests of the Group for the following reasons:

- (i) *The Proposed YC Acquisition is in line with the Group's growth strategy to expand the Group's business into the Tourism Business.*

On 5 August 2015, the Company obtained Shareholders' approval to diversify into the Tourism Business. The Proposed YC Acquisition is in line with the Group's strategy to expand into the Tourism Business, and the Company believes that the business of the Target Group has the potential to generate an additional stream of revenue for the Group.

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The Company is of the view that the prospects in relation to the tourism and travel services industry are positive, due to, among others, the expected continuation of strong growth figures for international tourism and the proliferation of regional low cost carriers. Therefore, the Company is confident of the prospects of the Target Group in the medium to long term.

The principal businesses of FAME, KLPO, TDG and Cocoffee are also complementary to the Group's leisure and corporate travel and travel related services, and the Company believes that these businesses have the potential to generate further revenue streams for the Group.

- (ii) *The Proposed YC Acquisition will allow the Group to tap into the Target Group's existing customer base and established industry reputation.*

The Target Group's customers include those from China, Indonesia, Europe, India, Singapore, Middle East and the USA, with a majority of its customers being tourists from China, who engage the Target Group primarily for the Target Group's inbound tour and travel-related services in Malaysia. Barring any unforeseen circumstances, the Company believes that subsequent to Completion, it will be able to continue to tap on the Target Group's existing customer base and established industry reputation within the Malaysia tourism market to generate revenue for the Group.

The Group currently has no intention to introduce any major changes to the existing business of the Target Group (including but not limited to any changes to the management team of the Target Group). In particular, subsequent to Completion, Mr Choong Hin Seong will continue to be a director of the Target and the managing director of YCT, and continue to fulfil his responsibilities in the Target Group which include strategic decision making, management and setting of the vision and mission of the Target Group; and Tuan Haji Anuar bin Ahmad will continue to be a director of the Target and the managing director of YCT, and continue to fulfil his responsibilities in the Target Group which include dealing with government related parties, advising on statutory obligations and assisting in decision making. Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad will also continue to hold 880,000 and 100,000 ordinary shares in the share capital of the Target representing 44% and 5% of the entire issued and paid-up share capital of the Target respectively. With their respective shareholding interests in the Target, Mr Choong Hin Seong's and Tuan Haji Anuar bin Ahmad's interests are aligned with the Group to ensure the continued success of the Target Group.

In addition, the Group currently has no intention to re-deploy any of the fixed assets of the Target Group, save for the Investment Property and other than in the ordinary course of business.

However, the Group retains the flexibility at any time to consider any options or opportunities in relation to the Target Group which may present themselves and which the Company may regard to be in the best interests of the Target Group or the Group.

2.6 Principal terms of the Proposed YC Acquisition

2.6.1 Consideration

The aggregate consideration for the Proposed YC Acquisition is S\$12,000,000 (equivalent to approximately MYR37,220,8434) (the "**Consideration**"), which shall be payable by the Company to the Vendor by way of an issue and allotment of 93,750,000 Consideration Shares to the Vendor at an issue price of S\$0.128 per Consideration Share on the Completion Date.

The issue price of S\$0.128 per Consideration Share is equivalent to the last transacted price of the Company's Shares prior to the trading halt on 10 October 2017, and is at a premium of approximately 1.59% over the volume weighted average price of the Company's Shares of S\$0.126 on 10 October 2017.

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The Consideration was arrived at after arms' length negotiations, on a willing-buyer-willing-seller basis, after taking into account, among others, the following factors:

- (i) the value of the Sale Shares assessed by the Company through an income-based approach and cost-based approach; and
- (ii) the terms of the Investment Property Disposal. Shareholders should note that the Consideration excludes the value of the Investment Property, and subsequent to Completion, the Company, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad shall procure that the Target enter into a sale and purchase agreement (or similar agreement) in relation to disposal of the Investment Property. Please refer to Section 2.6.3 of this Circular for further information on the Investment Property Disposal.

Shareholders should note that the Proposed YC Acquisition is conditional upon, among others, results of the financial due diligence on the Target Group and the valuation report on the Target Group being satisfactory to the Company in its absolute discretion.

For this purpose, the Company has appointed:

- (i) Moore Stephens Associates PLT ("**MS**") to carry out a financial due diligence on the Target Group. The Company has reviewed the financial due diligence report issued by MS, and noted the recommendations proposed by MS in the said report. As at the Latest Practicable Date, the Target Group has undertaken to adopt all the recommendations proposed by MS and the Company is satisfied with the results of the financial due diligence on the Target Group.
- (ii) BDO Advisory Pte. Ltd. as its Independent Professional Valuer to conduct an independent valuation on the indicative fair market value of the Sale Shares. The Company has reviewed the Valuation Report prepared by the Independent Professional Valuer, and noted that the Independent Professional Valuer has assessed a fair value range for the Sale Shares to be between MYR51,173,000 and MYR56,728,000 (equivalent to approximately S\$16,224,000 and S\$17,985,000 exchange rate of MYR3.1542 : S\$1 obtained from Bloomberg L.P. on 31 July 2017). As at the Latest Practicable Date, the Company is satisfied that the condition precedent as set out in Section 2.6.2(vii) of this Circular has been fulfilled.

Please refer to Section 2.4.7 of this Circular for further information on the independent valuation conducted on the Target Group.

2.6.2 Conditions precedent

Completion is conditional upon the fulfilment of the following conditions precedent on or before the Completion Date:

- (i) the Company, Libra Engineering Sdn. Bhd. and/or the Company's nominee(s) obtaining such approval(s) from its board of directors, shareholders, Sponsor and/or the SGX-ST (and any other regulatory authority) in connection with the YC SPA and the transactions contemplated therein as may be necessary;
- (ii) the Target obtaining such approval(s) from its board of directors and/or shareholders in connection with the YC SPA and the transactions contemplated therein as may be necessary, including but not limited to:
 - (a) the entry into and execution of the YC SPA and the transactions contemplated therein;

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- (b) if required by the Company, the revocation of all existing authorities given to authorised personnel for the operation of the respective bank accounts of the Target Group and the authorisation of new authorised personnel as nominated by the Company to operate such bank accounts;
 - (c) the transfer of the Sale Shares to Libra Engineering Sdn. Bhd. and/or the Company's nominee(s);
 - (d) if required by the Company, the affixation of the Target's common seal in accordance with the Target's constitution to any documents to be executed in connection with the YC SPA and the transactions contemplated therein;
 - (e) the cancellation of old share certificate(s) in the name of the Vendor, and the issuance of new share certificate(s) in favour of the Libra Engineering Sdn. Bhd. and/or the Company's nominee(s) in respect of the Sale Shares; and
 - (f) the lodgement of the required statutory returns with the relevant regulatory authority and the registration of Libra Engineering Sdn. Bhd. and/or the Company's nominee(s) in the Target's register of members as holder of the Sale Shares;
- (iii) the Target becoming the shareholder of the entire issued and paid-up share capital of YCT;
 - (iv) the Company being satisfied in its absolute discretion with the results of the legal, financial and tax due diligence to be carried out by the Company and/or its professional advisers on the Target Group (the "**Due Diligence Investigations**");
 - (v) the rectification, or the procurement of such rectification, to the satisfaction of the Company by the YC Shareholders of all issues and/or irregularities uncovered by the Company and/or its professional advisers during the Due Diligence Investigations on the Target Group which are capable of rectification, unless waived by the Company in its absolute discretion;
 - (vi) the Company obtaining an opinion from an independent financial adviser that the transactions contemplated therein are on normal commercial terms and that the transactions contemplated therein are not prejudicial to the interests of the Company and its minority Shareholders;
 - (vii) the Company being satisfied in its absolute discretion with the valuation report to be prepared by an independent professional valuer on the Target Group;
 - (viii) the procurement by the YC Shareholders of the delivery of the audited unconsolidated financial statements of the Target Group for the financial year ended 31 December 2016 (the "**Audited Accounts**") (audited by an internationally reputable public accounting firm in accordance with the International Financial Reporting Standards) and unaudited unconsolidated management accounts of the Target Group since the date of its incorporation and up to the month-end immediately preceding the date of the YC SPA (the "**Management Accounts**") by the Target to the Company, and the Company being satisfied in its absolute discretion with the Audited Accounts and the Management Accounts;
 - (ix) the Company obtaining the listing and quotation notice from the SGX-ST for the listing of and quotation for the Consideration Shares and the Earn-out Incentive Shares, such notice not having been amended or revoked before the completion date, and if any such notice is subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the Completion Date;

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- (x) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of the Target Group between the date of the YC SPA and the Completion Date;
- (xi) the Purchaser being satisfied in its absolute discretion that there are no outstanding amounts due from directors of the Target Group Companies to any of the Target Group Companies;
- (xii) there is no breach by the YC Shareholders and the Target of their respective representations, warranties, undertakings, covenants and indemnities set out in the YC SPA;
- (xiii) each of the representations, warranties and undertakings remaining true and not misleading in any respect at Completion, as if repeated on the Completion Date, and at all times between the date of the YC SPA and Completion; and
- (xiv) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated therein (including the waiver of any right of pre-emption or other restriction on the transfer of the Sale Shares conferred on any person under the Target's constitution or otherwise, if necessary) having been obtained by the Target Group, and such consents, approvals and waivers not having been amended or revoked before the Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the Completion Date.

If any of the conditions precedent set out above is not fulfilled on or before the Long Stop Date and such non-fulfilment is not waived by the party who has the benefit of such conditions precedent, the YC SPA shall *ipso facto* cease and determine. In that event, the parties shall be released and discharged from their respective obligations under the YC SPA, other than the provisions of the YC SPA which survive termination of the YC SPA, and no party shall have any claim against the other parties for costs, damages, compensation or otherwise under the YC SPA, save for any claim by any party against the other parties in respect of any antecedent breach of the YC SPA.

2.6.3 Post-Completion covenants of the Company and the YC Shareholders

- (i) The Company, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and the Target have agreed to dispose the 12 adjoining pieces of leasehold land held under the following title details:
 - (a) HSM 26568 PT 16927;
 - (b) HSM 26569 PT 16928;
 - (c) HSM 26570 PT 16929;
 - (d) HSM 26571 PT 16930;
 - (e) HSM 26572 PT 16931;
 - (f) HSM 26573 PT 16932;
 - (g) HSM 26574 PT 16933;
 - (h) HSM 26575 PT 16934;
 - (i) HSM 26576 PT 16935;
 - (j) HSM 26577 PT 16936;
 - (k) HSM 26578 PT 16937;
 - (l) HSM 26579 PT 16938,

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all of Tempat Taman Kencana, Mukim Empang, Daerah Hulu Langat, Negeri Selangor, together with a five (5) storey terrace light industrial building erected thereon, bearing the postal address of 1, 2, 3, 4, 5, 6, 7, 8, 9 10, 11 and 12, Jalan Perdana 10/6 and 10/8 Pandan Perdana, 55300 Kuala Lumpur (collectively, the “**Investment Property**”) on or before the date falling 12 months from the Completion Date, or such other date as the Parties may agree in writing (the “**Investment Property Disposal**”). In addition, the Company, Mr Choong Hin Seong, Tuan Haji Anuar and the Target have agreed that the terms and conditions of the Investment Property Disposal including the consideration and timing of the Investment Property Disposal shall be determined by the Company, Libra Engineering Sdn. Bhd. and/or the Purchaser’s nominee(s) in their absolute discretion.

- (ii) The Company, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad have covenanted and undertaken to the Vendor that, subsequent to Completion, they shall procure that the Target enter into a sale and purchase agreement (or similar agreement) in relation to the Investment Property Disposal. The Target shall use the proceeds from the Investment Property Disposal to discharge any indebtedness of the Target in relation to the Investment Property (the “**Investment Property Indebtedness**”), including but not limited to the banking facility granted by RHB Bank Berhad (by way of facility letters dated 2 September 2013, 10 October 2013, 30 October 2015 and 1 December 2016) and CIMB Bank Berhad (by way of facility letter dated 12 September 2013). In the event that proceeds from the Investment Property Disposal are not sufficient to discharge the Investment Property Indebtedness, the YC Shareholders shall pay to the Target such shortfall so as to enable the Target to discharge the Investment Property Indebtedness, and to pay for any taxes arising or having arisen in connection with the Investment Property and all cost and expenses in relation to the Investment Property Disposal. In the event that there is a surplus from the Investment Property Disposal after discharging the Investment Property Indebtedness, and paying any taxes arising or having arisen in connection with the Investment Property and all cost and expenses in relation to the Investment Property Disposal, the Target shall pay such surplus to the YC Shareholders.
- (iii) Each of the YC Shareholders have jointly and severally covenanted and undertaken to the Company that, subsequent to Completion, the YC Shareholders shall make all repayments relating to the Investment Property Indebtedness on or before the date on which such repayments fall due, including but not limited to repayments under the banking facility granted by RHB Bank Berhad (by way of facility letters dated 2 September 2013, 10 October 2013, 30 October 2015 and 1 December 2016) and CIMB Bank Berhad (by way of facility letter dated 12 September 2013).
- (iv) For the avoidance of doubt, the term “*YC Shareholders*” in this post-Completion covenant shall refer to the Vendor (Mr Chu Sau Ben), Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad.

2.6.4 Earn-out Incentive

To incentivise the Vendor and to align his interest with the Company, in addition to the Consideration, the Company shall pay the Vendor a sum of up to S\$2,000,000 (equivalent to approximately MYR6,203,474) (“**Earn-out Incentive**”) on the Business Day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for FY2018. The Earn-out Incentive shall be fully satisfied by the allotment and issuance of up to 15,625,000 Earn-out Incentive Shares to the Vendor at an issue price of S\$0.128 per Earn-out Incentive Share.

The Earn-out Incentive payable to the Vendor shall be computed as follows:

- (i) where the Target Group’s net profit after taxation (“**NPAT**”) for FY2018 is equal to or more than MYR7,000,000 (equivalent to S\$2,256,800) but lower than MYR8,000,000 (equivalent to S\$2,579,200), the Earn-out Incentive shall be S\$1,000,000 (equivalent to approximately MYR3,101,737) which shall be fully satisfied by the allotment and issuance of 7,812,500 Earn-out Incentive Shares; and

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- (ii) where the Target Group's NPAT for FY2018 is equal to or more than MYR8,000,000 (equivalent to S\$2,579,200), the Earn-out Incentive shall be S\$2,000,000 (equivalent to approximately MYR6,203,474) which shall be fully satisfied by the allotment and issuance of 15,625,000 Earn-out Incentive Shares.

For the avoidance of doubt, there is no profit guarantee provided by the Vendor to the Company in relation to the Proposed YC Acquisition, and where the Target Group's NPAT for FY2018 is less than MYR7,000,000 (equivalent to S\$2,256,800), no Earn-out Incentive shall be payable to the Vendor.

2.6.5 Waiver of shareholder's loan granted by the Vendor in favour of the Target Group

To demonstrate his commitment to the Company, the Vendor has agreed to waive the entire balance of a shareholder's loan granted by the Vendor in favour of the Target Group of an outstanding aggregate principal amount of approximately MYR17,192,444 (equivalent to approximately S\$5,542,844) owing to him on the Completion Date. The Vendor and the Target has entered into a letter of agreement on 10 January 2018 to record the terms of the said waiver.

2.6.6 Commitment by Vendor not to sell Consideration Shares

To further demonstrate his commitment to the Company, the Vendor has undertaken not to sell any of the 93,750,000 Consideration Shares until the Business Day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for FY2018.

2.7 The Proposed YC Acquisition as an interested person transaction

2.7.1 The Proposed YC Acquisition constitutes an interested person transaction under Chapter 9 of the Catalyst Rules

Rule 904(5) of the Catalyst Rules provides that an interested person transaction means a transaction between an entity at risk and an interested person. Rule 904(2) of the Catalyst Rules provides, among others, that an entity at risk means the issuer. Rule 904(4) of the Catalyst Rules provides, among others, that an interested person means a director, chief executive officer or controlling shareholder of the issuer.

The Vendor, Mr Chu Sau Ben, is the Executive Chairman and the Chief Executive Officer of the Company, and is also a Controlling Shareholder of the Company. Accordingly, Mr Chu Sau Ben is an interested person under Chapter 9 of the Catalyst Rules and the Proposed YC Acquisition constitutes an interested person transaction under Chapter 9 of the Catalyst Rules.

2.7.2 Shareholders' approval for the Proposed YC Acquisition is required

Rule 906(1) of the Catalyst Rules provides that an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:

- (i) 5% of the group's latest audited net tangible assets; or
- (ii) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Rule 918 of the Catalyst Rules provides that if a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

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Rule 909 provides, among others, that the value of a transaction is the amount at risk to the issuer. In the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing.

The amount at risk to the Company in respect of the Proposed YC Acquisition is the Consideration and the Earn-out Incentive which amounts to S\$14,000,000.

The Group's latest audited NTA based on the latest audited consolidated financial statements of the Company for FY2016 is S\$23,350,667. The current total value of all interested person transactions, excluding transactions which are less than S\$100,000, with (a) Mr Chu Sau Ben and his associates; and (b) all interested persons of the Company (including Mr Chu Sau Ben and his associates) for the period from 1 January 2017 to the Latest Practicable Date, and current total value of all interested person transactions as a percentage of the Group's latest audited NTA as at 31 December 2016 are as follows:

	Before the Proposed YC Acquisition		After Completion of the Proposed YC Acquisition and assuming an Earn-out Incentive of S\$2,000,000 has been achieved	
	Amount	As a percentage of the Group's latest audited NTA as at 31 December 2016	Amount	As a percentage of the Group's latest audited NTA as at 31 December 2016
Total value of all interested person transactions, excluding transactions which are less than S\$100,000, with Mr Chu Sau Ben and his associates for the period from 1 January 2017 to the Latest Practicable Date	S\$0	–	S\$14,000,000	59.96%
Total value of all interested person transactions, excluding transactions which are less than S\$100,000, with all interested persons of the Company (including Mr Chu Sau Ben and his associates) for the period from 1 January 2017 to the Latest Practicable Date	S\$0	–	S\$14,000,000	59.96%

As the total value of the Proposed YC Acquisition represents approximately 59.96% which is more than 5% of the Group's latest audited NTA as at 31 December 2016, Shareholders' approval for the Proposed YC Acquisition is required in accordance with Rule 906(1)(a) of the Catalist Rules.

2.7.3 Abstention from voting

Rule 919 of the Catalist Rules provides that in a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given.

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Mr Chu Sau Ben shall abstain, and will procure that his associates abstain, from voting on the Proposed Resolutions in accordance with Rule 919 of the Catalist Rules.

In addition, Mr Chu Sau Ben shall refrain, and procure that his associates refrain, from accepting nominations as proxy or otherwise vote at the EGM in respect of the Proposed Resolutions unless Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for the Proposed Resolutions.

2.7.4 Appointment of an independent financial adviser

Rule 921(4)(a) of the Catalist Rules provides, among others, that the Company is required to appoint an independent financial adviser to advise the Recommending Directors as to whether the transaction:

- (i) is on normal commercial terms; and
- (ii) is prejudicial to the interests of the issuer and its minority shareholders.

The Company has appointed RHT Capital Pte. Ltd. as its IFA to advise the Recommending Directors on the Proposed YC Acquisition as an interested person transaction.

The IFA Letter issued by the IFA in respect of the Proposed YC Acquisition as an interested person transaction is reproduced in Appendix B to this Circular. Please refer to Section 2.13 of this Circular for further information on the opinion of the IFA.

2.8 **The Proposed YC Acquisition as a major transaction**

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in relation to the Proposed YC Acquisition and based on audited consolidated financial statements of the Company for FY2016 are as follows:

Rule 1006 of the Catalist Rules	Description	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared to with the Group's net profits.	95.97% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	93.62% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	91.49% ⁽⁴⁾
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁽⁵⁾

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Notes:

- (1) The Proposed YC Acquisition relates to an acquisition of assets and not a disposal of assets.
- (2) The net profit attributable to the Sale Shares of approximately S\$1,735,407 for FY2016 represents approximately 95.97% of the Group's net profit of approximately S\$1,808,212 for FY2016.
- (3) The aggregate of the Consideration and Earn-out Incentive of S\$14,000,000 represents approximately 93.62% of the Company's market capitalisation of approximately S\$14,954,729 on 9 October 2017, being the market day preceding the date of the YC SPA.
- (4) The 93,750,000 Consideration Shares to be issued and allotted at an issue price of S\$0.128 per Consideration Share in satisfaction of the Consideration and the 15,625,000 Earn-out Incentive Shares to be issued and allotted at an issue price of S\$0.128 per Earn-out Incentive Share in satisfaction of the Earn-out Incentive represents approximately 91.49% of the total number issued and paid-up Shares in the Company.
- (5) The Proposed YC Acquisition relates to an acquisition of assets and not a disposal of assets. The Company is also not a mineral, oil and gas company.

As the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules is more than 75% but does not exceed 100%, the Proposed YC Acquisition is a major transaction under Chapter 10 of the Catalist Rules. Accordingly, Shareholders' approval for the Proposed YC Acquisition is required.

2.9 Source of funds for the Proposed YC Acquisition

The Consideration shall be fully satisfied by way of an issue and allotment of 93,750,000 Consideration Shares to the Vendor at an issue price of S\$0.128 per Consideration Share on the Completion Date.

The Earn-out Incentive shall be fully satisfied by the allotment and issuance of up to 15,625,000 Earn-out Incentive Shares to the Vendor at an issue price of S\$0.128 per Earn-out Incentive Share on the Business Day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for FY2018.

The Consideration Shares and the Earn-out Incentive Shares when allotted and issued will rank *pari passu* in all respects with the then existing ordinary shares in the share capital of the Company, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of the allotment and issuance of the Consideration Shares and the Earn-out Incentive Shares, as the case may be.

The estimated professional and other fees and expenses incurred or to be incurred by the Company in connection with the Proposed YC Acquisition of approximately S\$450,000 (inclusive of GST) will be fully funded through the Company's internal resources and/or bank borrowings.

2.10 Pro forma financial effects of the Proposed YC Acquisition

The *pro forma* financial effects of the Proposed YC Acquisition on the NTA per Share and the EPS of the Group have been prepared based on the audited consolidated financial statements of the Company for FY2016.

2.10.1 Assumptions

For the purpose of illustrating the financial effects of the Proposed YC Acquisition, the *pro forma* financial effects have been prepared based on, among others, the following assumptions:

- (i) the financial effects on the NTA per Share of the Group are computed assuming that the Proposed YC Acquisition was completed on 31 December 2016 and an Earn-out Incentive of S\$2,000,000 (equivalent to approximately MYR6,203,474) was achieved on 31 December 2016;

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- (ii) the financial effects on the EPS of the Group are computed assuming that the Proposed YC Acquisition was completed on 1 January 2016 and an Earn-out Incentive of S\$2,000,000 (equivalent to approximately MYR6,203,474) was achieved on 1 January 2016;
- (iii) the financial effects on the NTA per Share of the Group are computed assuming that the Investment Property has been excluded from Proposed YC Acquisition;
- (iv) the financial effects on NTA per Share and EPS of the Group are computed based on an aggregation of the latest unconsolidated financial statements of each Target Group Company as at 31 December 2016; and
- (v) any taxes arising or having arisen in connection with the Investment Property, and all cost and expenses are disregarded for the purposes of calculating the *pro forma* financial effects.

2.10.2 Effects on NTA per Share

	Before the Proposed YC Acquisition	After Completion of the Proposed YC Acquisition	After Completion of the Proposed YC Acquisition (excluding the Investment Property)	After Completion of the Proposed YC Acquisition (excluding the Investment Property) and assuming an Earn-out Incentive of S\$2,000,000 has been achieved
NTA (S\$'000)	23,351	26,044	24,592	24,592
Number of issued Shares ('000)	117,499	211,249	211,249	226,874
NTA per Share (cents)	19.87	12.33	11.64	10.84

2.10.3 Effects on EPS

	Before the Proposed YC Acquisition	After Completion of the Proposed YC Acquisition	After Completion of the Proposed Acquisition and assuming an Earn-out Incentive of S\$2,000,000 has been achieved
Profit from continuing operations attributable to owners of the Company (S\$'000)	1,808	3,543	3,543
Weighted average number of issued Shares ('000)	117,499	211,249	226,874
EPS (cents)	1.54	1.68	1.56

The *pro forma* financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Group after Completion of the Proposed YC Acquisition. No representation is made as to the actual future results and/or financial position of the Group.

LETTER TO SHAREHOLDERS

2.11 Effects of the Proposed YC Acquisition on Mr Chu Sau Ben's shareholding

Upon Completion of the Proposed YC Acquisition, the issued and paid-up share capital of the Company will increase from 119,542,198 Shares to 213,292,198 Shares (excluding 1,769,000 treasury shares).

The 93,750,000 Consideration Shares represents approximately 78.42% of the existing issued and paid-up share capital of the Company and approximately 43.95% of the enlarged issued and paid-up share capital of the Company after Completion of the Proposed YC Acquisition.

Upon Completion of the Proposed YC Acquisition and assuming an Earn-out Incentive of S\$2,000,000 (equivalent to approximately MYR6,203,474) has been achieved, the issued and paid-up share capital of the Company will increase from 119,542,198 Shares to 228,917,198 Shares (excluding 1,769,000 treasury shares).

The 93,750,000 Consideration Shares and the 15,625,000 Earn-out Incentive Shares represent approximately 91.49% of the existing issued and paid-up share capital of the Company and approximately 47.78% of the enlarged issued and paid-up share capital of the Company after Completion of the Proposed YC Acquisition and assuming an Earn-out Incentive of S\$2,000,000 (equivalent to approximately MYR6,203,474) has been achieved.

The effects of the Proposed YC Acquisition on Mr Chu Sau Ben's shareholding are as follows:

	Direct Interest		Deemed interest		Total interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chu Sau Ben⁽¹⁾						
Before the Proposed YC Acquisition	43,773,000	36.62 ⁽²⁾	16,000,000	13.38 ⁽²⁾	59,773,000	50.00 ⁽²⁾
After Completion of the Proposed YC Acquisition	137,523,000	64.48 ⁽³⁾	16,000,000	7.50 ⁽³⁾	153,523,000	71.98 ⁽³⁾
After Completion of the Proposed YC Acquisition and assuming an Earn-out Incentive of S\$2,000,000 has been achieved	153,148,000	66.90 ⁽⁴⁾	16,000,000	6.99 ⁽⁴⁾	169,148,000	73.89 ⁽⁴⁾

Notes:

- (1) Mr Chu Sau Ben is deemed interested in (i) 8,000,000 Shares pledged to and registered in the name of Hong Leong Finance Nominees Pte. Ltd.; and (ii) 8,000,000 Shares pledged to and registered in the name of SBS Nominees Private Limited.
- (2) Based on the Company's issued and paid-up share capital of 119,542,198 Shares (excluding 1,769,900 treasury shares) as at the Latest Practicable Date.
- (3) Based on the Company's issued and paid-up share capital of 213,292,198 Shares (excluding 1,769,900 treasury shares) after Completion of the Proposed YC Acquisition.
- (4) Based on the Company's issued and paid-up share capital of 228,917,198 Shares (excluding 1,769,900 treasury shares) after Completion of the Proposed YC Acquisition and assuming an Earn-out Incentive of S\$2,000,000 (equivalent to approximately MYR6,203,474) has been achieved.

LETTER TO SHAREHOLDERS

2.12 Service contracts

No person is proposed to be appointed as a Director of the Company in connection with the Proposed YC Acquisition and no service contracts in relation thereto is proposed to be entered into by the Company.

2.13 Opinion of the IFA

Rule 921 of the Catalist Rules provides, among others, that except in the case of a general mandate, if shareholder approval is required, the circular to shareholders must include an opinion in a separate letter from an independent financial adviser stating whether the transaction:

- (i) is on normal commercial terms; and
- (ii) is prejudicial to the interests of the issuer and its minority shareholders.

The Company has appointed RHT Capital Pte. Ltd. as its IFA to advise the Recommending Directors on the Proposed YC Acquisition as an interested person transaction.

The IFA Letter issued by the IFA in respect of the Proposed YC Acquisition as an interested person transaction is reproduced in Appendix B to this Circular. The following is an extract from Section 7 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

"7. OUR OPINION

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

- (a) the rationale for the Proposed Acquisition;*
- (b) financial assessment of the Consideration of the Proposed Acquisition:*
 - (i) Valuation Report prepared by the Valuer: the Consideration of S\$12.0 million is at a discount of between 25.9% and 33.3% to the fair value range of 51.0% equity interest in the Target Group to be approximately MYR51.2 million to MYR56.7 million (or S\$16.2 million to S\$18.0 million);*
 - (ii) the normalised and annualised financial performance of the Target Group of MYR8.4 million (or S\$2.7 million);*
 - (iii) Financial assessment of the Consideration vis-à-vis comparable companies of the Target Group:*
 - (1) The PE ratio of the Target Group of 8.7 times is below the range of the PE ratios of the Comparable Companies. Had the Earn-out Incentive been achieved, the PE ratio of the Target Group of 10.2 times will be below the range of the PE ratios of the Comparable Companies;*
 - (2) The P/NTA ratio of the Target Group is not meaningful to compare against the P/NTA ratios of the Comparable Companies as the Target Group is in an NTL position;*

LETTER TO SHAREHOLDERS

- (3) *The EV/EBITDA ratio of the Target Group of 6.7 times is within the range of the EV/EBITDA ratios of the Comparable Companies and higher than the mean and median EV/EBITDA ratios of the Comparable Companies of 5.5 times and 5.7 times respectively. Had the Earn-out Incentive been achieved, the EV/EBITDA ratio of the Target Group of 7.9 times will be above the range of the EV/EBITDA ratios of the Comparable Companies; and*
- (iv) *Evaluation of the terms of the Investment Property Disposal: the Directors and Management have confirmed that the Company will not profit and conversely not bear any liability from the Investment Property Disposal. In the event of a shortfall and the YC Shareholders are called upon to reimburse the Company, the Directors have also satisfied themselves that the YC Shareholders will be able to fulfil their obligations when due with respect to the reimbursement;*
- (c) *financial assessment of the Issue Price of the Consideration Shares:*

 - (i) *market quotation and trading activity of the Company:*

 - (1) *the Issue Price of S\$0.128 is the last transacted price of the Shares prior to the release of the Announcement on 10 October 2017 and represents a premium of 1.6% over the VWAP of the Shares of S\$0.126 on 10 October 2017;*
 - (2) *the Issue Price represents a discount of 3.8%, 9.9%, 18.5% and 28.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;*
 - (3) *the Issue Price represents a discount of 4.5% to the VWAP of the Shares for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;*
 - (4) *as at the Latest Practicable Date, the Issue Price represents a discount of 5.2% to the last traded price of the Shares of S\$0.135;*
 - (5) *during the period from 11 October 2016 up to the Announcement Date, the Shares were traded on 132 market days or 52.4% of the Total Market Days. The total number of Shares traded during this period was approximately 42.8 million Shares with an average daily trading volume of 0.32 million Shares, representing 0.7% of the free float; and*
 - (6) *during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 35 market days or 53.8% of the Total Market Days. The total number of Shares traded during this period was approximately 2.1 million Shares with an average daily trading volume of 0.06 million Shares, representing 0.1% of the free float,*
 - (ii) *shares trading pattern as compared to the historical NTA per Share of the Group:*

 - (1) *the Issue Price represents a discount of approximately 37.6% to the Group's NTA per Share of S\$0.205 as at 30 June 2017;*
 - (2) *the Shares have always been trading at a discount to the NTA per Share throughout the Period Under Review, save for 15 days where the Shares traded above the NTA per Share; and*

LETTER TO SHAREHOLDERS

- (3) *the average Share price over the relevant periods has always traded at a discount to the NTA per Share throughout the Period Under Review,*
- (d) *the financial effects of the Proposed Acquisition; and*
- (e) *other relevant considerations as set out in Paragraph 6.5 of this Letter, namely: the unaudited HY2017 results announcement; diversification of the Group's business into the tourism business; future prospects of the Target Group; and management continuity of the Target Group and the show of support from the Vendor.*

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders.

Shareholders are advised to read and consider the IFA Letter issued by the IFA in respect of the Proposed YC Acquisition as an interested person transaction in its entirety as reproduced in Appendix B to this Circular and consider carefully the recommendations of the Recommending Directors for the Proposed Resolutions set out in Section 5 of this Circular.

2.14 Statement from the Audit Committee

Having considered the terms, rationale, benefits and financial effects of the Proposed YC Acquisition, as well as the advice and opinion from the IFA, the Audit Committee concurs with the opinion of the IFA and is of the view that, on balance, the Proposed YC Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

3. THE PROPOSED ISSUE AND ALLOTMENT OF THE CONSIDERATION SHARES AND THE EARN-OUT INCENTIVE SHARES

3.1.1 Rule 804 and Rule 812 of the Catalist Rules

Rule 804 of the Catalist Rules provides, among others, that except in the case of an issue made on a *pro rata* basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

Rule 812 of the Catalist Rules further provides, among others, that an issue must not be placed to an issuer's directors and substantial shareholders unless specific shareholder approval for such a placement has been obtained and the person, and its associates, must abstain from voting on the resolution approving the placement.

Mr Chu Sau Ben is the Executive Chairman and the Chief Executive Officer of the Company, and is also a Substantial Shareholder of the Company. Accordingly, the Company is seeking Shareholder's approval for the issue and allotment of the Consideration Shares and the Earn-out Incentive Shares in accordance with Rule 804 and Rule 812 of the Catalist Rules.

Mr Chu Sau Ben shall abstain, and will procure that his associates abstain, from voting on the Proposed Resolutions approving the issue and allotment of the Consideration Shares and the Earn-out Incentive Shares in accordance with Rule 804 and Rule 812 of the Catalist Rules.

LETTER TO SHAREHOLDERS

3.1.2 Rule 805 of the Catalist Rules

Rule 805 of the Catalist Rules provides, among others, that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer unless the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer is made pursuant to a general mandate previously obtained from shareholders of the issuer at a general meeting as provided in Rule 806 of the Catalist Rules.

The issue and allotment of the Consideration Shares and the Earn-out Incentive Shares will be made pursuant to a specific mandate and the Company is seeking specific Shareholder's approval for the issue and allotment of the Consideration Shares and the Earn-out Incentive Shares in accordance with Rule 805 of the Catalist Rules. The Company will not be relying on the general mandate previously obtained from Shareholders at the annual general meeting of the Company held on 28 April 2017 for the issue and allotment of the Consideration Shares and the Earn-out Incentive Shares.

3.1.3 Additional listing application

The Sponsor will be making an additional listing application to the SGX-ST, on behalf of the Company, for the listing of and quotation for the Consideration Shares and the Earn-out Incentive Shares on the Official List of SGX Catalist. An announcement of the receipt of the listing and quotation notice in relation to the Consideration Shares and the Earn-out Incentive Shares (including the conditions that may be required to be fulfilled) will be made in due course when the listing and quotation notice is obtained.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed interest		Total interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Chu Sau Ben ⁽²⁾	43,773,000	36.62	16,000,000	13.38	59,773,000	50.00
Xu Ruibing	1,067,887	0.89	–	–	1,067,887	0.89
Kong Chee Keong	–	–	–	–	–	–
Soon Ai Kwang	–	–	–	–	–	–
Gn Jong Yuh Gwendolyn	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Thong Soon Seng	6,870,000	5.75	–	–	6,870,000	5.75

Notes:

- (1) Based on the Company's issued and paid-up share capital of 119,542,198 Shares (excluding 1,769,900 treasury shares) as at the Latest Practicable Date.
- (2) Mr Chu Sau Ben is deemed interested in (i) 8,000,000 Shares pledged to and registered in the name of Hong Leong Finance Nominees Pte. Ltd.; and (ii) 8,000,000 Shares pledged to and registered in the name of SBS Nominees Private Limited.

Ms Gn Jong Yuh Gwendolyn is a partner in Shook Lin & Bok LLP, the Company's legal advisers to the Proposed YC Acquisition.

LETTER TO SHAREHOLDERS

Save as disclosed above and in this Circular, none of the Directors and the Substantial Shareholders have any interest, direct or indirect, in the Proposed Resolutions other than through their respective shareholdings in the Company.

5. RECOMMENDING DIRECTORS' RECOMMENDATION

The Recommending Directors having considered, among others, the rationale and information relating to the Proposed Resolutions as set out in this Circular, and the opinion and advice of the IFA as set out in the IFA Letter in Appendix B to this Circular, are of the opinion that the Proposed Resolutions would be beneficial to and is in the best interests of the Company, and is not prejudicial to the interests of minority Shareholders. Accordingly, the Recommending Directors recommend that Shareholders vote in favour of the Proposed Resolutions at the EGM.

6. ABSTENTION FROM VOTING

Pursuant to Rule 804, Rule 812(2) and Rule 919 of the Catalist Rules, Mr Chu Sau Ben shall abstain, and will procure that his associates abstain, from voting on the Proposed Resolutions.

In addition, Mr Chu Sau Ben shall refrain, and procure that his associates refrain, from accepting nominations as proxy or otherwise vote at the EGM in respect of the Proposed Resolutions unless Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for the Proposed Resolutions.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

8. EGM

The EGM, notice of which is set out on page N-1 of this Circular, will be held at Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on 5 February 2018 at 9.30 a.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the Proposed Resolutions relating to the Proposed Resolutions set out in the Notice of EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 21 Ubi Road 1, #02-02, Singapore 408724, not later than 72 hours before the time fixed for holding the EGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the EGM.

LETTER TO SHAREHOLDERS

10. INDEPENDENT PROFESSIONAL VALUER CONSENT

The Independent Professional Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Valuation Report as set out in Appendix A to this Circular and all references thereto, in the form and context in which they appear in this Circular.

11. IFA CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter as set out in Appendix B to this Circular and all references thereto, in the form and context in which they appear in this Circular.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 21 Ubi Road 1, #02-02, Singapore 408724, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (i) the constitution of the Company;
- (ii) the annual report of the Company for FY2016;
- (iii) the YC SPA;
- (iv) the YC Supplemental Agreement;
- (v) the Valuation Report;
- (vi) the IFA Letter;
- (vii) the letter of consent dated 19 January 2018 from the Independent Professional Valuer; and
- (viii) the letter of consent dated 19 January 2018 from the IFA.

Yours faithfully,
For and on behalf of

The Board of Directors
LIBRA GROUP LIMITED

APPENDIX A – VALUATION REPORT

LIBRA
GROUP LIMITED



航誠假期
YC TRAVEL



TD Latex
天地天然乳膠禮具
TIAN DI NATURAL LATEX FOAM



馬來土產食品有限公司
FAME LOCAL PRODUCTS SDN BHD



Project Rafflesia Indicative Business Valuation

19 January 2018

This report is intended solely for the information and internal use of Libra Corporation Limited and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report.



19 January 2018

The Board of Directors
Libra Group Limited
21 Ubi Road 1
#02-02 Cambridge Building
Singapore 408724

Dear Sirs,

In accordance with your instructions, as confirmed in our engagement letter dated 6 September 2017, we have undertaken an indicative valuation of five entities, namely (1) Y.C Travel & Tour Sdn. Bhd., (2) Tian Di Global Sdn. Bhd., (3) KL Premium Outlet Sdn. Bhd., (4) Fame Local Products Sdn. Bhd., and (5) Cocoffee De Peninsula Sdn. Bhd. (collectively, the "Entities") as at 31 July 2017.

This report is intended solely for the use of Libra Group Limited ("Libra"). It should not be disclosed to any other person without our prior written consent. We accept no duty of care to any third party for this report. Accordingly, regardless of the form of action, whether in contract, tort or otherwise, and to the extent permitted by applicable law, BDO accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the report.

The information used by BDO in preparing this report has been obtained from a variety of sources as indicated within the report. While our work has involved analysis of financial information and accounting records, it has not included an audit in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us by and on your behalf.

The Management of Libra has reviewed a draft version of this report and has confirmed that the information provided to us is accurate and that no significant information essential to our report has been withheld.

Budgets/forecasts/projections relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period. Consequently, they cannot be relied upon to the same extent as information derived from audited accounts for completed accounting periods. For these reasons, we express no opinion as to how closely the actual results achieved will correspond to those budgeted/forecasted/projected.

BDO Advisory Pte Ltd (UEN: 200301692H) is a member of BDO International Limited, a UK company by guarantee, and forms part of the international BDO network of independent member firms.

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Singapore 188778

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. We normally express our opinion as falling within a likely range. Although our conclusions are in our opinion reasonable and defensible, others might wish to argue for a different value.

If you require any clarification or further information, please do not hesitate to contact us.

Yours faithfully

BDO Advisory Pte Ltd

BDO Advisory Pte Ltd

Glossary

Abbreviation	Definition
CAPEX	Capital Expenditure
Coco	Cocoffee De Peninsula Sdn. Bhd.
DCF	Discounted Cash Flow
Directors	Directors of Libra
DLOM	Discount For Lack Of Marketability
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
Entities	Y.C, Tian Di, KL Premium, Fame and Coco, collectively
EV	Enterprise Value
EV/EBITDA	Enterprise Value to Earnings Before Interest, Taxes, Depreciation and Amortisation
Fame	Fame Local Products Sdn. Bhd.
FCF	Free Cash Flow
FY	Financial Year Ended/Ending
GDP	Gross Domestic Product
KL Premium	KL Premium Outlet Sdn. Bhd.
Libra	Libra Group Limited
Management	The senior management team of the Entities
MYR, RM	Malaysian Ringgit
NWC	Net Working Capital
PBT	Profits Before Tax
PE	Price to Earnings
SGD, S\$	Singapore Dollar
TFK	Tian Di, KL Premium and Fame, collectively
Tian Di	Tian Di Global Sdn. Bhd.
WACC	Weighted Average Cost of Capital
Y.C	Y.C Travel & Tour Sdn. Bhd.
YTD	Year-to-date

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Section I

Executive Summary

Executive Summary (1/3)

Introduction

BDO Advisory Pte Ltd has been engaged by Libra to provide an indicative corporate valuation of the Entities as at 31 July 2017 ("Valuation Date").

Indicative Valuation

The valuation has taken into consideration the values implied by a combination of asset based approach, DCF analysis and comparable companies analysis.

The range of values implied by the various valuation methods, as well as our selection process in determining a final valuation range, are presented on the next page.

Valuation Approach

- In valuing Y.C, KL Premium and Coco, we have adopted the asset-based approach for the following reasons:
 - The DCF approach is not suitable for Y.C, KL Premium and Coco as the revenue of Y.C is derived mainly from the commission earned from Tian Di, Fame and KL Premium (collectively known as "TFK") for sales generated from the inbound tours handled by Y.C. Y.C therefore becomes loss-making after having adjusted for revenue derived from TFK for the seven months financial period from 1 January to 31 July 2017. KL Premium has been loss-making since the company's incorporation on 11 July 2016. Coco was newly incorporated on 24 July 2017, and only commenced operations on 1 September 2017. For the month of September, Coco attained an EBITDA of RM3,945, or an EBITDA margin of approximately 1.04%, which is not representative of its future financial performance.
 - The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as Y.C, KL Premium and Coco.

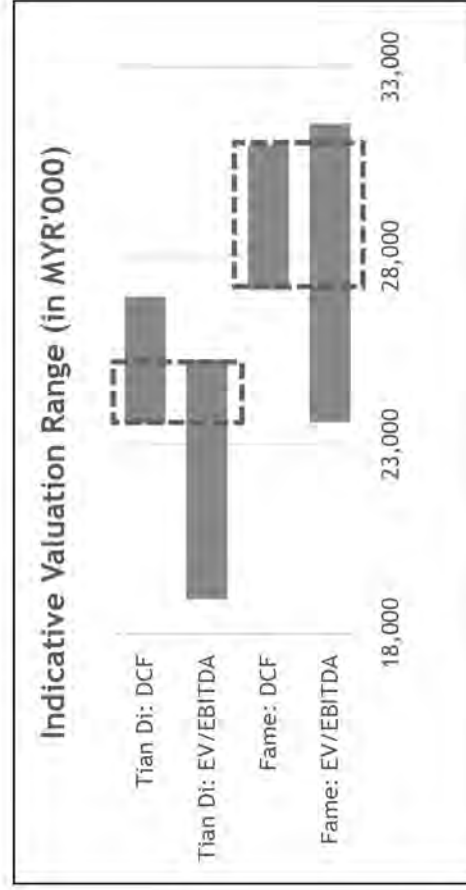
Valuation Approach (continued)

- In valuing Tian Di and Fame, we have adopted the DCF approach as the primary methodology for the following reasons:
 - The DCF approach reflects the future plans and growth of the companies. This approach is less influenced by volatile external factors because it is an inward looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers.
 - The asset-based approach does not take into account of future changes in sales or income; and
 - The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as Tian Di and Fame.
- We have considered the comparable companies multiples as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis.

Executive Summary (2/3)

Valuation Summary

Indicative Valuation in MYR'000					
Entities	DCF Analysis		EV/EBITDA		Asset-based approach
	Low	High	Low	High	
Y.C					≈ Nil
Tian Di	23,548	26,915	18,913	25,258	
Fame	27,100	30,945	23,602	31,499	
KL Premium					525
Coco					≈ Nil



Source: BDO Analysis

Valuation Summary (continued)

- Based on the asset-based approach, Y.C is in a net liability position of RM10.13 million as at the Valuation Date, and that its total liabilities have exceeded its total assets. This may cast significant doubt on Y.C's ability to continue as a going concern (Please refer to page 21 for greater detail). Accordingly, the fair value for 51% equity interest in Y.C is estimated to be approximately nil as at the Valuation Date.
- The implied valuation for 51% equity interest in KL Premium based on the asset-based approach is RM0.53 million.
- Based on the asset-based approach, Coco is in a net liability position of RM1,667 as at the Valuation Date, and that its total liabilities have exceeded its total assets. This may cast significant doubt on Coco's ability to continue as a going concern (Please refer to page 23 for greater detail). Accordingly, the fair value for 51% equity interest in Coco is estimated to be approximately nil as at the Valuation Date.
- The implied valuation range for 51% equity interest in Tian Di and Fame based on the DCF approach derives results as follows:
 - Tian Di: ranging from RM23.55 million to RM26.92 million, with a base value of RM25.10 million; and
 - Fame: ranging from RM27.10 million to RM30.95 million, with a base value of RM28.87 million.
- A cross-check valuation of the comparable companies multiples analysis derives a similar result ranging from RM18.91 million to RM25.26 million and RM23.60 million to RM31.50 million for Tian Di and Fame respectively.
- We have considered that the DCF approach most accurately reflects the future expectations of Tian Di's and Fame's performance and the inherent risks associated with future cash flows.

Executive Summary (3/3)

Valuation Summary (continued)

- Based on the analysis above, we have assessed a fair value range for 51% equity interest in the respective Entities as follows:

Indicative Valuation Range in MYR'000		
Entities	Low	High
Y.C	≈ Nil	≈ Nil
Tian Di	23,548	25,258
Fame	27,100	30,945
KL Premium	525	525
Coco	≈ Nil	≈ Nil
Total	51,173	56,728
*Total (SGD)	16,224	17,985

* Based on MYR/SGD exchange rate of 3.1542 as at 31 July 2017 as extracted from Bloomberg.

Section II

Terms of Reference

Terms of Reference

- BDO Advisory Pte Ltd has been engaged by Libra to provide an indicative valuation of the Entities as at 31 July 2017.
- We have not undertaken any due diligence or audit of the information provided to us. The accuracy of such information is the sole responsibility of the Management.
- Our estimation of the value of the Entities is based on their existing operations and likely future expansion plans only, and does not take into account of any fundamentally different business that Management may pursue in the foreseeable future.
- The basis of the valuation will be made by reference to the fair value.
- Fair market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. Fair market value, as defined above, is a concept of value which may or may not equal the "purchase/sale price" that could be obtained if the shares were sold to a special purchaser in an actual transaction in the open market. Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following acquisition, or any other synergies which may be enjoyed by the purchaser. Our valuation will not be premised on the existence of a special purchase.

- We are not expressing an opinion on the commercial merits and structure on the transaction of the Entities and accordingly, the Valuation Report does not purport to contain all the information that may be necessary to fully evaluate the commercial or investment merits of the transaction of the Entities. The assessment of the commercial and investment merits of the transaction is solely the responsibility of the Directors. In addition, our work should not be constructed as an investment advice to the current or prospective shareholders/investors of the Entities.
- We have not conducted a comprehensive review of the business, operational or financial conditions of the Entities nor any work in relation to the feasibility or tax efficiency of the Entities' business operation, and accordingly our Valuation Report will not make any representation or warranty, expressed or implied in this regard.
- Our scope in the engagement does not require us to express, and we do not express a view on the future prospects of the Entities, or any views on the future trading process of the shares or the financial condition of the Entities.
- Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters made available to us if the Entities has obtained specialist advice, and where we will consider, and where appropriate, relied upon such advice.
- Our work will be carried out solely for the use of Libra. The Valuation Report resulting from our work may not be used for any other purpose or by any other person, referred to in any document or made available to any party (other than your professional advisers acting in that capacity) without our prior written consent (including without limitation, the shareholders of the Entities). Any recommendation made by the Directors to the shareholders of the Entities shall remain the Directors' responsibility.

Terms of Reference

- In the course of our work, we have held discussions with the management of the Entities. We have also examined and relied on information provided by them and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. However, we have a duty to exercise reasonable professional skill and care in performing our work in accordance with the terms of this engagement. Our work will, where appropriate, be conducted in accordance with applicable professional guidance.
- The management of the Entities has confirmed to us, upon making all reasonable enquires and to their best knowledge and belief that the information provided to us constitute full and true disclosure, in all material aspects and facts relating to the Entities as required for the purpose of our valuation.
- In no circumstances shall we be liable, other than in the event of our bad faith, wilful default for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the management and the Directors, employees or staffs of the Entities or any other person of whom we have made inquiries of during the course of our work.
- To the extent that there are legal issues relating to assets, properties or business interests or issues relating to compliance with applicable laws, regulations and policies, BDO assumes no responsibility and offers no legal opinion or interpretation on any issue.

Section III

Background

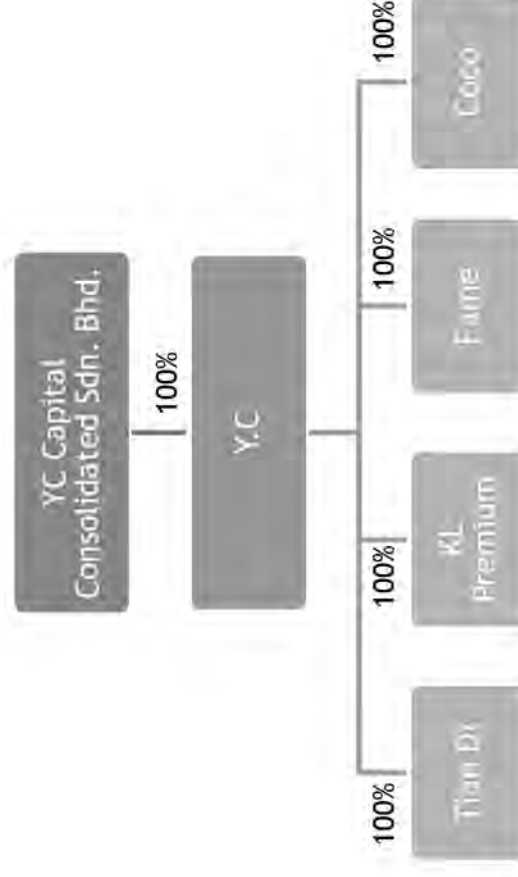
Background

Brief Overview

- Libra was founded in 1997 and is listed on the Catalyst board of the Singapore Exchange Limited. Libra and its subsidiaries operates in four primary business divisions, namely Investment Holding, Mechanical and Electrical, Manufacturing, and Building and Constructions Solutions.
- Libra, through its operating subsidiaries, is principally engaged in the provision of integrated mechanical and electrical engineering services as specialist sub-contractor, including the design, supply and installation of air-conditioning and mechanical ventilation ("ACMV") systems, fire alarms and fire protection systems, electrical systems, sanitary and plumbing systems and specialty gas systems, as well as the manufacturing and sale of ACMV ducts and the trading of ACMV related products. It is also engaged in the main contracting business to provide total building solutions for building owners.
- The Entities are private companies limited by shares, incorporated and domiciled in Malaysia. Y.C is principally engaged in the business of travel and tourist agents, coupled with the provision of travel and tour services; Tian Di is principally engaged in the business of trading in food and latex products; KL premium is principally engaged in the business of trading of luxury items; Fame is principally engaged in the retailing and marketing of local products; and Coco is principally engaged in the retailing and marketing of chocolate and coffee souvenirs.
- Libra has the intention to acquire 51% equity interest in the YC Capital Consolidated Sdn. Bhd., YC Capital Consolidated Sdn. Bhd. is excluded from the valuation as it does not have any business operation, but rather an investment holding company of the operating entities.

Corporate Structure of the Entities

- The current shareholding structure of the Entities are depicted in the diagram below:



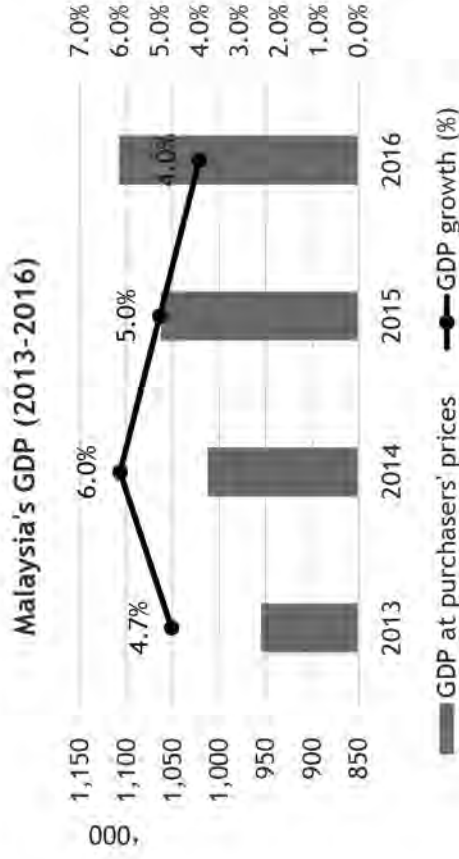
Section IV

Economic and Industry Outlook

Economy and Industry Outlook (1/2)

Economic Outlook of Malaysia

- Malaysia's economy grew between 4.0% and 6.0% year on year from 2013 to 2016 as shown in the diagram below¹.



- For the first quarter of 2017, Malaysia's economy recorded a growth of 5.6%, mainly driven by growth in the private sector activities².
- Looking ahead, Malaysia's economy is expected to expand between 4% and 5% in 2017 with nominal gross national income per capita increasing by 5% to RM39,699 (2016: 4.8%; RM37,812)¹.
- Economic growth will be underpinned by the strong domestic demand, especially private sector expenditure¹.

¹ Source: Economic Report 2016/2017, Ministry of Finance, Malaysia.

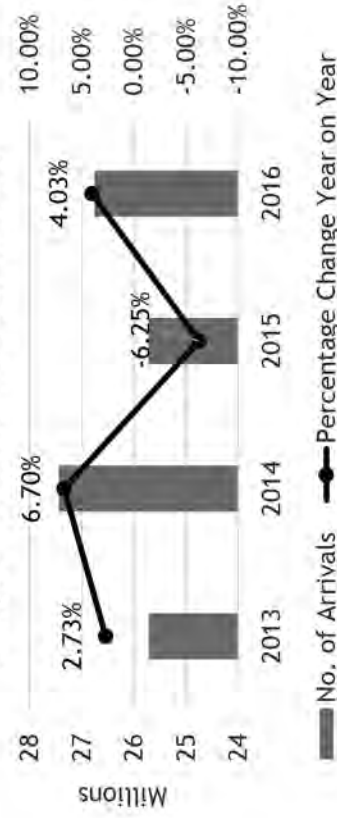
² Source: Economic and Financial Development in Malaysia in the First Quarter of 2017, Bank Negara Malaysia.

Economy and Industry Outlook (2/2)

Tourism Industry

- The total contribution of travel and tourism to Malaysia's GDP was RM167.5 billion, or 13.7% of GDP in 2016, and is forecasted to increase by 4.2% in 2017, and a further increase by 5.4% per annum to RM295.6 billion, or 15.9% of GDP in 2027¹.
- The government of Malaysia has introduced various initiatives and programme to spur the tourism sector. These include relaxing visa requirements, allowing extension of stay for tourists from selected countries, as well as implementing electronic visa for tourists from China from March 2016, and India from mid-April 2016. In addition, various campaigns were undertaken to promote tourism and business opportunities in Malaysia².
- Tourist arrivals to Malaysia for 2016 registered a hike of 4.03% as compared to the same period in 2015. The country also received 26.8 million tourists as compared to 25.7 million tourists in 2015. The tourist arrivals to Malaysia year on year are shown in the diagram below³.

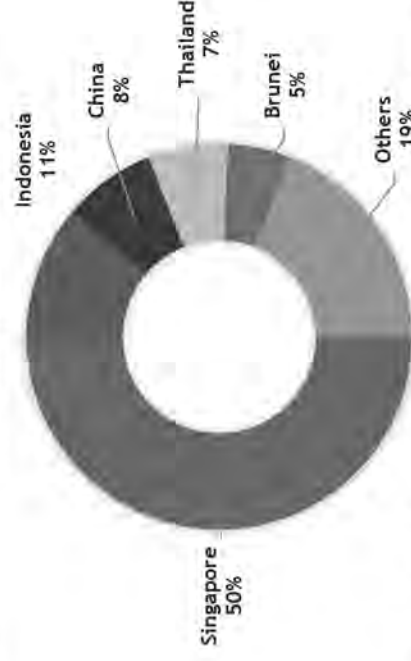
Malaysia Tourist Arrivals (2013-2016)



- Tourist arrivals is targeted to reach 31.8 million by 2017 and 36 million by 2020³.

- Asian countries account for approximately 92% of the international tourist arrivals to Malaysia⁴. The top 5 tourist generating markets to Malaysia in 2016 are Singapore (13.3 million), Indonesia (3.1 million), China (2.1 million), Thailand (1.8 million) and Brunei (1.4 million)³.

TOP 5 TOURIST ARRIVALS



- China is the third largest tourist generating market for Malaysia. Rising income levels in China have led to more affordable overseas travel by Chinese tourists. Amid the economic restructuring and slowdown, Chinese outbound travellers continue to grow rapidly by 10% to 128 million in 2015. During the first half of 2016, tourist arrivals from China increased significantly by 32.1% to 992,463².
- Moving forward, Malaysia expects a substantial increase in inbound Chinese tourists as a result of a more convenient visa policy, increased offering of attractive family entertainment holiday packages, as well as the introduction of more international flights to second and third-tier cities in China. This is expected to bring new opportunities for local businesses and service providers².

¹ Source: Travel & Tourism Economic Impact 2017, Malaysia, World Travel & Tourism Council.

² Source: Economic Report 2016/2017, Ministry of Finance, Malaysia.

³ Source: Tourism Malaysia, Ministry of Tourism and Culture Malaysia.

⁴ Source: HVS, In Focus: Malaysia

Section V

Approach and Valuation Methodology

Approach and Valuation Methodology (1/3)

Overview

- We have considered the conventional approaches in valuing the Entities, summarised as follows:
 - Asset-based Approach;
 - Income Approach - DCF Analysis; and
 - Market Approach - Comparable Companies Analysis.
- We will discuss the various approaches used to value the Entities in greater detail in the following sections.

Asset-based Approach

- The asset-based approach is applicable when the underlying asset values constitute the prime determinant of corporate worth. The application of this approach depends on the nature of the company's operations (such as an investment or real estate holding company) and/or if the outlook for a particular company's earnings is somewhat uncertain, or returns based on earnings are insufficient to justify the investment in assets.
- This approach focuses on individual asset and liability values derived from the company's balance sheet, which are adjusted to reflect the fair market value. In addition, the asset-based approach can be applied in situations whereby liquidation is imminent.

DCF Analysis

- DCF analysis is a fundamental valuation methodology broadly used for valuation. It is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected FCF.
- A company's projected FCF is derived from a variety of assumptions and judgments about its expected financial performance, including sales growth rates, profit margins, capital expenditures, and NWC requirements.
- The projected FCF and terminal value are discounted to the present value at the company's WACC, which is a discount rate that commensurate with its business and financial risks. The present value of the FCF and terminal value are summed to determine an enterprise value, which serves as the basis for the DCF valuation.
- The Management determines key drivers of financial performance such as sales growth, profitability, and FCF generation, which will support a defensible set of projections for the companies.
- The use of realistic FCF projections is critical as it has the greatest effect on valuation in a DCF. Historical performance, combined with third party and/or management guidance, helps in developing these assumptions. The goal is to project FCF to a point in the future whereby the target's financial performance is deemed to have reached a "steady state" which can serve as the basis for a terminal value calculation.
- A terminal value is used to quantify the remaining value of the company subsequent to the projection period. This typically accounts for a substantial portion of the company's value in a DCF. Therefore, it is important that the company's financial data in the final year of the projection period ("terminal year") represents a steady state or normalised level of financial performance, as opposed to a cyclical high or low.

Approach and Valuation Methodology (2/3)

DCF Analysis (continued)

- To quantify the terminal value of the company, perpetuity growth rates has to be assumed, taking into consideration of the company's historical performances and comparable companies' historical performances.
- The appropriate WACC is derived from comparable companies listed in the market, in which financial information and relevant WACC inputs are easily obtained.
- The company's projected FCF and terminal value are discounted to the present and summed to calculate its enterprise value. Implied equity value and share price (if relevant) can then be derived from the calculated enterprise value.

Comparable Companies Analysis

- The comparable approach is the secondary methodology used for valuing a given focus company, division, business, or collection of assets. It provides a market benchmark against which a valuer can establish the valuation for a private company's business or analyse the value of a public company's business at a given point of time.
- This approach involves determining the value of a company by referencing to available market information, such as trading multiples of comparable publicly listed companies.
- The process begins by selecting a universe of comparable companies based on business and financial profiles. Comparables are sourced through filters such as the target industry, distribution channel, products and services, or geography.
- The valuation drivers are tied to key financial information which are necessary to determine ratios, statistics and trading multiples. A variety of ratios measuring growth, profitability, returns and credit strength are subsequently determined. Market valuation measures, such as enterprise value and equity value are also computed.

Comparable Companies Analysis (continued)

- Once the valuation measures are determined, the comparables are benchmarked alongside the target company for comparisons. An analysis of the trading multiples will then determine an appropriate range for the value of the target company.
- The valuation is determined by extrapolating the range of values derived by the multiples of closest comparables and then applied to the target company's relevant financial statistics to achieve a range of comparable values.

Approach and Valuation Methodology (3/3)

Key Information

- In carrying out the valuation of Entities, we have relied on the following information:
 - Audited financial statements from FY2015 to FY2016;
 - Management accounts for the 7 months financial period from 1 January to 31 July 2017;
 - Forecasted financial statements for FY2017;
 - Due diligence reports prepared by Moore Stephens dated 30 November 2017;
 - Bloomberg Professional Service;
 - Interview with Management; and
 - All other publicly available information.

Key Limitations and Assumptions

- We have made a number of key assumptions in our valuation of the Entities set out as follows:
 - The Entities will continue as a going concern without any changes in its management and shareholding structure;
 - The future operations of the Entities will not be adversely affected by changes to its key personnel, management team and company shareholdings;
 - No audit or review has been carried out on the performance forecasts;
 - The information provided to us by Management reflects the financial positions of the Entities;
 - The Entities has legal title to all assets as mentioned in the financial information provided to us by the Management. All assets, which are physically in existence, are in good working condition. There are no risks that any of these assets are subject to compulsory acquisition by any third party or government body;
 - There will be no major changes in the corporate taxation basis or rates applicable to the Entities;
 - Income and expenses generated/incurred between the Entities have been adjusted to derive the indicative valuation;
 - Related party transactions, if any, in the Entities are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure; and
 - There are no subsequent events which will have material effect on the unaudited management accounts for the periods then ended.

Section VI

Asset-based Approach

Asset-based Approach (1/3)

Net Asset Value ("NAV") Method

- We have considered the balance sheet obtained from Y.C. KL Premium and Coco's management accounts as at 31 July 2017 to be the most appropriate reference point for this valuation approach.

Valuation Summary

Y.C Travel & Tour Sdn. Bhd.

- PPE relates to office equipment, furniture and fittings, motor vehicles, hotel building and renovation.
- Based on our discussion with Management, we understand that the hotel building will not be included as part of the proposed transaction. Accordingly, we have effected an adjustment of RM30.35 million (book value of the hotel building as at the Valuation Date) with respect to PPE and an adjustment of RM21.61 million (bank borrowings relate to the hotel building as at the Valuation Date) with respect to bank borrowings.
- The net book value of the office equipment, furniture and fittings, motor vehicle and renovation are deemed to approximate their fair value as at the Valuation Date.
- The trade and other receivables, deposits, and amount due from directors are short term in nature and are expected to be fully recoverable.
- The trade and other payables, accruals, and amount due to directors are short-term in nature and that their carrying value would approximate their fair value as at the Valuation Date. We have effected an adjustment of RM620,330 with respect to other payables and accruals which represents cost of investment in Tian Di, Fame, KL Premium and Coco, and amounts owing to YC Capital Consolidated Sdn. Bhd.
- Finance lease liability relates to the hire purchase of motor vehicles. The carrying value of approximately RM1.37 million approximates its fair value as at the Valuation Date.
- There is no contingent liabilities, litigation or infringement of any law as at the Valuation Date.

Net asset value approach in MYR	As at 31 July 2017		
	Book value	Adjustments	Fair value
Current assets			
Trade receivables	4,110,485	-	4,110,485
Other receivables and deposits	12,301,737	-	12,301,737
Amount due from directors	1,168,071		1,168,071
Fixed deposits	1,085,841		1,085,841
Cash and bank balance	1,928,702		1,928,702
Total current assets	20,594,836	-	20,594,836
Non-current assets			
Property, plant and equipment	31,420,986	(30,354,773)	1,066,213
Investment in subsidiaries	2,102	(2,102)	-
Total non-current assets	31,423,088	(30,356,875)	1,066,213
Total assets	52,017,924	(30,356,875)	21,661,049
Current liabilities			
Trade payables	6,777,649		6,777,649
Other payables and accruals	17,634,764	(620,330)	17,014,434
Bank overdraft	714,198		714,198
Amount due to directors	3,762,187		3,762,187
Current income tax liabilities	348,746		348,746
Total current liabilities	29,237,544	(620,330)	28,617,214
Non-current liabilities			
Finance lease payable	1,370,167		1,370,167
Other bank borrowings	23,385,769	(21,614,062)	1,771,707
Deferred tax liabilities	33,600		33,600
Total current liabilities	24,789,536	(21,614,062)	3,175,474
Total liabilities	54,027,080	(22,234,392)	31,792,688
Net assets	(2,009,156)	(8,122,483)	(10,131,639)

Asset-based Approach (2/3)

Valuation Summary (continued)

Y.C Travel & Tour Sdn. Bhd. (continued)

- The fair value of total liabilities have exceeded the fair value of total assets of Y.C, which resulted in a net liability of RM10.13 million as at the Valuation Date. This condition indicates that the existence of a material uncertainty that may cast significant doubt on Y.C's ability to continue as a going concern.
- Based on the above, the fair value for 51% equity interest in Y.C is estimated to be approximately nil as at the Valuation Date.

KL Premium Outlet Sdn. Bhd.

- PPE relates to computer software, furniture and fittings, office equipment and renovation.
- The net book value of PPE and inventories are deemed to approximate their fair value as at the Valuation Date.
- The trade and other receivables, deposits and prepayments are short term in nature and are expected to be fully recoverable. Hence the corresponding carrying values will approximate the fair values.
- The trade and other payables, and accruals are short-term in nature and that their carrying value will approximate their fair value as at the Valuation Date. We have effected an adjustment of RM2.98 million with respect to other payables and accruals which represents amounts owing to YC Capital Consolidated Sdn. Bhd. and Fame.
- There is no contingent liabilities, litigation or infringement of any law as at the Valuation Date.
- Based on the above, the fair value for 51% equity interest in KL Premium is estimated to be approximately RM0.53 million as at the Valuation Date.

Net asset value approach in MYR	As at 31 July 2017		
	Book value	Adjustments	Fair value
Current assets			
Inventories	1,600,822		1,600,822
Trade receivables	420,803		420,803
Other receivables, deposits and prepayments	317,183		317,183
Cash and bank balances	1,126,896		1,126,896
Total current assets	3,465,704	-	3,465,704
Non-current assets			
Property, plant, and equipment	316,785		316,785
Total non-current assets	316,785	-	316,785
Total assets	3,782,489	-	3,782,489
Current liabilities			
Trade payable	448,118	-	448,118
Other payables and accruals	5,298,838	(2,993,775)	2,305,063
Total current liabilities	5,746,956	(2,993,775)	2,753,181
Total liabilities	5,746,956	(2,993,775)	2,753,181
Net (liabilities)/assets	(1,964,467)	2,993,775	1,029,308
Net assets @ 51%	524,947		

Asset-based Approach (3/3)

Valuation Summary (continued)

Cocoffee De Peninsula Sdn. Bhd.

- PPE relates to office equipment and renovation.
- The net book value of PPE are deemed to approximate their fair value as at the Valuation Date.
- The other receivables and deposits are short term in nature and are expected to be fully recoverable. Hence the corresponding carrying values will approximate the fair values.
- The other payables are short-term in nature and that their carrying value will approximate their fair value as at the Valuation Date.
- There is no contingent liabilities, litigation or infringement of any law as at the Valuation Date.
- The fair value of total liabilities have exceeded the fair value of total assets of Coco, which resulted in a net liability of RM1,667 as at the Valuation Date. This condition indicates that the existence of a material uncertainty that may cast significant doubt on Coco's ability to continue as a going concern.
- Based on the above, the fair value for 51% equity interest in Coco is estimated to be approximately nil as at the Valuation Date.

Net asset value approach in MYR	As at 31 July 2017	
	Book value	Fair value
Current assets		
Other receivables and deposits	52,500	52,500
Total current assets	52,500	52,500
Non-current assets		
Property, plant and equipment	182,927	182,927
Total non-current assets	182,927	182,927
Total assets	235,427	235,427
Current liabilities		
Other payables	237,094	237,094
Total current liabilities	237,094	237,094
Total liabilities	237,094	237,094
Net liabilities	(1,667)	(1,667)

Section VII

DCF Analysis

DCF Analysis (1/2)

Forecasted Period

- The forecasted period will be for the five months from 1 August to 31 December 2017 and subsequent five years from FY2018.

WACC Computation

Comparable Companies

- Our estimation of WACC is calculated with reference to comparable companies' data.
- We have considered listed comparable companies in the travel and leisure sector given that the revenue of Tian Di and Fame are derived mainly from that industry. Both Tian Di and Fame are exposed to similar financial and operational risks as compared to companies operating in the travel and leisure sector. In our analysis, we have referred to Bloomberg.
- A list and short description of comparable listed companies are set out in Appendix I.

Capital Structure

- We have applied a debt-to-capital ratio of 25.94% based on the average gearing ratio of comparable companies. This assumes that the Entities' debt to equity ratio will converge to the industry's capital structure.

Cost of Debt

- The cost of debt for Entities is estimated to be 9.91%¹ based on average yield for a 5 year BBB corporate bond in Malaysia as at 31 July 2017.

Cost of Equity

- The cost of equity, has been assessed as follows:
 - We have taken a risk free rate of 3.99%², which is based on the 10-year Malaysia government bond as at 31 July 2017.
 - We have assumed the market risk premium for Malaysia to be 5.15%³ as at 31 July 2017.
 - Tax rate is assumed to be 24%⁴ based on Malaysia's corporate tax rate.
 - The re-levered beta, based on the mean of the comparable companies' beta and capital structure, is 1.00.
 - We have applied a size premium of 8.76%⁴ to the cost of equity for small-cap stocks as at 31 July 2017.
 - Overall, this leads to a cost of equity of 17.91%.
 - Calculations are presented in Appendix II.

Conclusion

- According to our calculations, we have assumed the WACC of Entities to be 15.22%.
- For a test of sensitivity, we have used a WACC range of 14.72% - 15.72% for the DCF analysis.

¹ Source: Bank Negara Malaysia

² Source: Bloomberg

³ Source: Inland Revenue of Malaysia

⁴ Source: CRSP Deciles Size Premium Exhibit from Valuation Handbook - Guide to Cost of Capital (2016)

DCF Analysis (2/2)

Terminal Value

- As the forecasted performance is limited to approximately 5 years, we have employed the use of a terminal value to capture the value of companies beyond the projection period.

Perpetuity Growth Method

- The Perpetuity Growth Method accounts for the value of free cash flows which continues into perpetuity in the future, growing at an assumed constant rate.
- According to the economic and industry outlook, we have assumed the perpetuity growth rate of 3.00% which is in line with the expected inflation of Malaysia.
- The FY2022 projected free cash flow has been used to determine the terminal year FCF. The terminal value is determined based on terminal year FCF and terminal growth rate.

Enterprise Value

- Tian Di and Fame's estimated free cash flow and terminal value were subsequently discounted to the present value using the WACC of 15.22% and mid-period discounting. The cumulative present value of all cash flows and the terminal value represents the enterprise value of Tian Di and Fame.

Implied Equity Valuation Range

- The DCF shows an implied equity value range from RM23.55 million to RM26.92 million and RM27.10 million to RM30.95 million for 51% equity interest in Tian Di and Fame respectively. This is derived from the implied WACC that range of between 14.72% and 15.72% and the long term growth rate of between 2.50% and 3.50%.
- The base case derives a value of RM25.09 million and RM28.87 million for Tian Di and Fame respectively with WACC of 15.22% and long-term growth rate of 3.00%.

Implied Equity Valuation Range (continued)

- DCF is chosen over comparable multiples due to the scarcity of publicly traded companies with similar characteristics as Tian Di and Fame and the broad range of valuations derived.
- Theoretically, the DCF is considered the more sound method of valuation.
- The DCF method is forward-looking and depends more on future expectations rather than on historical results.
- Calculations are presented in Appendix III.

Sensitivity Analysis of Equity Value (WACC and long term growth rate)

DCF Sensitivity Analysis

Tian Di

WACC	Terminal growth rate			
	MYR	2.50%	3.00%	3.50%
	15.72%	23,547,953	24,119,792	24,738,432
	15.22%	24,467,455	25,096,902	25,780,062
	14.72%	25,462,790	26,157,938	26,915,049

Fame

WACC	Terminal growth rate			
	MYR	2.50%	3.00%	3.50%
	15.72%	27,100,205	27,753,256	28,459,754
	15.22%	28,150,258	28,869,099	29,649,281
	14.72%	29,286,914	30,080,787	30,945,422

Source: BDO Analysis

Section VIII

Comparable Companies Analysis

Comparable Companies Analysis (1/2)

Summary of Comparable Companies Analysis

- Comparable companies analysis involves the comparison of operating metrics and valuation multiples of public companies in a peer group as compared to the target company. Peers may be grouped based on any number of criteria, such as industry focus, company size, or growth characteristics.
- The multiples provide a framework for making value judgments. However, multiples measure value at a single point in time and do not fully capture the dynamic nature of the business and competition.
- Comparable companies analysis is used as a cross-checking method in this valuation.

EV/EBITDA Multiple

- The EV/EBITDA multiple has been used because it values the worth of the entire company. Price-Earnings ("PE") ratio considers the equity multiple, whereas EV/EBITDA gives the firm multiple. The latter is based on the notion that equity investing is not just buying/selling shares, but buying/selling the business.
 - EV/EBITDA is unaffected by the capital structure as enterprise value includes the value of debt, and EBITDA is available to all investors (debt and equity) as it excludes interest payments on the corresponding debt. PE ratio also has its limitations as it fails to overcome the distortions caused by different accounting policies and capital structures as some firms have a high debt in their capital structure leading to high interest costs. Such depreciation and interest costs ultimately depress the net earnings. EBITDA on the other hand discards such complexities due to varying depreciation policies and debt-equity mix.
 - The multiple ranges selected for comparable companies were chosen using the median and mean comparable multiples for the time period.
- EV/EBITDA:
- Range selected: 13.37x – 14.87x
- Multiples for the comparable companies are presented in Appendix I.

Comparable Companies Analysis (2/2)

Valuation Implied by EV/EBITDA Multiples

- We relied on the historical financial performance to determine the Maintainable EBITDA of Entities. In arriving at a Maintainable EBITDA as at the Valuation Date, we have considered the normalised EBITDA for the trailing 12 months (based on YTD 2017 and FY2016) after taking into consideration of the historical trend in financial performance, coupled with revenue and profit growth. YTD 2017 was chosen as we can forecast the performance more accurately as the time progresses closer to the Valuation Date. Refer to Appendix IV for the derivation of the Maintainable EBITDA.
- The implied equity value is computed by adding the total cash and cash equivalent, and subtracting the total debt as at 31 July 2017 to the enterprise value.
- The equity value was subsequently adjusted by a discount for the lack of marketability ("DLOM") ranges from 34% to 45% as both Tian Di and Fame are private companies without the liquidity of a listed stock. Please refer to Appendix V for the DLOM basis.
- Based on the foregoing, the equity value implied by EV/EBITDA ratio ranges from RM18.91 million to RM25.26 million and RM23.60 million to RM31.50 million for 51% equity interest in Tian Di and Fame respectively.

Tian Di MYR	EV/EBITDA Low MYR	EV/EBITDA High MYR
As at the Valuation Date		
Selected multiples:	13.37	14.87
Maintainable EBITDA	5,072,169	5,072,169
Implied EV	67,809,339	75,407,269
Add: cash and cash equivalents	42,671	42,671
Less: debt	(425,199)	(425,199)
Implied equity value	67,426,811	75,024,741
Discount for lack of marketability	0.45	0.34
Fair value of equity interest	37,084,746	49,524,665
Fair value of 51% equity interest	18,913,221	25,257,579

Fame MYR	EV/EBITDA Low MYR	EV/EBITDA High MYR
As at the Valuation Date		
Selected multiples:	13.37	14.87
Maintainable EBITDA	6,290,287	6,290,287
Implied EV	84,094,256	93,516,884
Add: cash and cash equivalents	47,747	47,747
Less: debt	-	-
Implied equity value	84,142,003	93,564,631
Discount for lack of marketability	0.45	0.34
Fair value of equity interest	46,278,102	61,763,053
Fair value of 51% equity interest	23,601,832	31,499,157

Appendices

Appendix I - Comparable Companies

List of comparable companies				Trailing 12 months EV/EBITDA
Company Name	Ticker	Business Description		
Flight Centre Travel Group Ltd	FLT AU Equity	Flight Centre Travel Group Ltd operates as a retail travel agency in Australia. The Company operates close to 1200 outlets throughout Australia and internationally including New Zealand, Hong Kong, South Africa, Canada and the United Kingdom. The Company's agencies and brands include Flight Centre, Travel Associates and Student Flights.		7.97
Corporate Travel Management Ltd	CTD AU Equity	Corporate Travel Management Ltd. offers corporate travel management services. The Company operates on a fee for service model and provides business travel advice and services; bookings; ticketing, and ancillary services; and offers travel data diagnostics and recommendations.		25.39
Thomas Cook India Ltd	TC IN Equity	Thomas Cook (India) Ltd. operates as an authorised dealer in foreign exchange and as a travel agent. The Company also offers packaged tours, cargo services and travel related insurance. Thomas Cook (India) has offices and foreign exchange counters at various international airports in major cities in India.		23.17
Cox & Kings Ltd	COXK IN Equity	Cox & Kings Ltd. is a travel organisation. The Company offers travel solutions and travel related products including excursions and leisure travel, destination management, incentive and conference solutions, NRI services, trade fairs, transportation bookings, foreign exchange, business travel, private air charter, hotel bookings, and visa/passport/medical insurance assistance.		11.58
International Travel House Ltd	ITR IN Equity	International Travel House Limited specialises in travel and tourism related business. The Group generates revenue through the sale of airline tickets, hotel reservations, traveler's checks and tour packages.		5.94
Panorama Sentrawisata Tbk PT	PANR IJ Equity	PT Panorama Sentrawisata Tbk provides travel services. The Company offers travel packages, ticket sales, hotel reservations, and hospitality services. Panorama Sentrawisata serves customers worldwide.		15.16

Mean 14.87
Median 13.37

Source: Extracted as at 31 July 2017 based on the latest available financials on Bloomberg.

Appendix II – WACC: Cost of Equity and Debt

WACC calculation		Comparable companies unlevered beta (in millions of MYR)						
Target capital structure		Company	Predicted levered beta ⁽⁷⁾	Market value of debt	Market value of equity	Debt/equity	Marginal tax rate	Unlevered beta
Debt-to-capital ⁽¹⁾ Equity-to-capital	25.94%	Flight Centre Travel Group Ltd	1.03	150	15,019	1.00%	30.00%	1.03
	74.06%	Corporate Travel Management Ltd	1.02	184	8,028	2.30%	30.00%	1.01
Cost of debt		Thomas Cook India Ltd	0.69	882	5,505	16.03%	30.00%	0.62
	9.91%	Cox & Kings Ltd	1.02	2,336	3,355	69.62%	30.00%	0.69
Cost of debt ⁽²⁾		International Travel House Ltd	0.96	-	131	0.00%	30.00%	0.96
Tax rate ⁽³⁾	24.00%	Panorama SentraWisata Tbk PT	0.85	309	255	121.24%	25.00%	0.45
After-tax cost of debt	7.53%							
Cost of equity								
Risk-free rate ⁽⁴⁾	3.99%	Mean	0.93	644	5,382	13.03%		0.79
Market risk premium ⁽⁵⁾	5.15%	Median	0.99	247	4,430	9.16%		0.62
Levered beta	1.00							
Size premium ⁽⁶⁾	8.76%							
Cost of equity	17.91%							
WACC								
	15.22%	Relevered beta			Mean unlevered beta	Target debt/equity	Target marginal tax rate ⁽³⁾	Relevered beta
					0.79	0.35	24.00%	1.00

(1) Based on the target debt/equity ratio of comparable public companies, measured at market value.

(2) Based on average yield of a 5 year BBB corporate bond in Malaysia as at 31 July 2017. Source: Bank Negara Malaysia

(3) The tax rate is Malaysia's 2017 corporate tax rate as at 31 July 2017.

(4) Malaysia's 10-year government bond yield as at 31 July 2017. Source: Bloomberg.

(5) Market Risk Premium for Malaysia as at 31 July 2017. Source: Bloomberg.

(6) Estimated from CRSP Deciles Size Premium Exhibit from Valuation Handbook - Guide to Cost of Capital (2016).

(7) Adjusted beta coefficients based on past 5-year historical weekly data as at 31 July 2017. Source: Bloomberg.

Appendix III - DCF Analysis (1/3)

Overview

Tian Di

- Revenue is generated mainly from the retail sales of latex-derived consumer products, such as latex pillows and latex mattresses.
- The forecasted revenue for FY2017 is determined by taking into consideration of the following assumptions:
 - An average of 600 tours visiting the outlet per month, coupled with 18 tourists per tour;
 - An estimated spending of approximately RM360 per tourist; and
 - An estimated 5% of additional income derived from tours brought in by external travel agents.
- Revenue is expected to grow at a constant rate of 7.12% per annum from FY2018 onwards, which is in line with Malaysia's tourists arrivals growth target of approximately 4% as well as Malaysia's inflation growth of 3%.
- Gross profit margin for the projection period is expected to be maintained at 22.58% of annual revenue. This is in line with the actual result for the 7 months period from 1 January to 31 July 2017 (excluding the commission paid to Y.C).
- Administrative expenses and other operating expenses for the projection period are expected to be maintained at 9.32% and 2.13% of annual revenue respectively. This is in line with the actual result for the 7 months period from 1 January to 31 July 2017.
- EBITDA margin is expected to remain at 11.14%. This is in line with actual EBITDA margin for the 7 months period from 1 January to 31 July 2017.
- Depreciation is expected to remain at 0.69% of annual revenue. This is in line with the actual result for the 7 months period from 1 January to 31 July 2017.
- Corporate income tax is expected to be based on Malaysia's corporate tax rate of 24%.

Fame

- Revenue is generated from the sales of the local products. The forecasted revenue for FY2017 is determined by taking into consideration of the following assumptions:
 - An average of 600 tours visiting the outlet per month, coupled with 18 tourists per tour;
 - An estimated spending of approximately RM240 per tourist; and
 - An estimated 5% of additional income derived from tours brought in by external travel agents.
- Revenue is expected to grow at a constant rate of 7.12% per annum from FY2018 onwards which is in line with Malaysia's tourists arrivals growth target of approximately 4% as well as Malaysia's inflation growth of 3%.
- Gross profit margin for the projection period is expected to be maintained at 34.85% of annual revenue. This is in line with the actual result for the 7 months period from 1 January to 31 July 2017 (excluding the commission paid to Y.C).
- Administrative expenses and other operating expenses for the projection period are expected to be maintained at 11.71% and 2.74% of annual revenue respectively. This is in line with the actual result for the 7 months period from 1 January to 31 July 2017.
- EBITDA margin is expected to remain at 20.40%. This is in line with actual EBITDA margin for the 7 months period from 1 January to 31 July 2017.
- Depreciation is expected to remain at 0.90% of annual revenue. This is in line with the actual result for the 7 months period from 1 January to 31 July 2017.
- Corporate income tax is expected to be based on Malaysia's corporate tax rate of 24%.

Appendix III - DCF Analysis (2/3)

Tian Di

Constant parameters	
Long-term growth rate ⁽¹⁾	3.00%
Discount rate ⁽²⁾	15.22%

Terminal value	
Terminal year FCF ⁽³⁾	6,963,572
Terminal value	56,990,240
Present value of terminal value	28,066,105

Enterprise value	
Cumulative present value of FCF ⁽⁴⁾	21,526,035
Present value of terminal value	28,066,105
Enterprise value	49,592,140

Implied equity value	
Enterprise value	49,592,140
Plus: Cash and cash equivalents	42,671
Less: Borrowings	(425,199)
Implied equity value	49,209,612
Implied equity value of 51% interest	25,096,902

Discounted cash flow approach						
	FY 2017 (5 months)	FY 2018 (12 months)	FY 2019 (12 months)	FY 2020 (12 months)	FY 2021 (12 months)	Terminal
Revenue	20,412,000	52,476,803	56,213,151	60,215,527	64,502,873	69,095,477
Cost of sales	(15,802,329)	(40,625,893)	(43,518,456)	(46,616,970)	(49,936,099)	(53,491,549)
Gross profit	4,609,671	11,850,910	12,694,695	13,598,557	14,566,774	15,603,928
Other Income	-	-	-	-	-	-
Administrative Expenses	(1,901,734)	(4,889,130.42)	(5,237,237)	(5,610,128)	(6,009,569)	(6,437,450)
Other Operating Expenses	(433,975.26)	(1,115,698)	(1,195,136)	(1,280,230)	(1,371,382)	(1,469,024)
EBITDA	2,273,961	5,846,081	6,262,322	6,708,199	7,185,823	7,697,454
Potential EBITDA adjustments:						
Normalised EBITDA	2,273,961	5,846,081	6,262,322	6,708,199	7,185,823	7,697,454
Depreciation expenses	(140,221)	(360,491)	(386,157)	(413,652)	(443,104)	(474,653)
Finance expenses	(317,702)	(816,774)	(874,928)	(937,223)	(1,003,953)	(1,075,435)
Income tax expenses	(136,207)	(350,172)	(375,104)	(401,811)	(430,420)	(461,066)
Normalised net income	1,679,832	4,318,645	4,626,133	4,955,514	5,308,346	5,686,300
Adjustments:						
Add: Depreciation expenses	140,221	360,491	386,157	413,652	443,104	474,653
Add: Finance expenses	317,702	816,774	874,928	937,223	1,003,953	1,075,435
Changes in working capital ⁽⁵⁾	(5,812)	(748)	(802)	(859)	(920)	(985)
Less: CAPEX ⁽⁶⁾	(140,221)	(360,491)	(386,157)	(413,652)	(443,104)	(474,653)
Free cash flow (FCF)	1,991,721	5,134,671	5,500,259	5,891,878	6,311,379	6,760,749
Applicable mid-period dates	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Discount period	0.21	0.92	1.92	2.92	3.92	4.92
Discount factor	0.9709	0.8782	0.7622	0.6615	0.5742	0.4983
Present value	1,933,798	4,509,370	4,192,401	3,897,711	3,623,736	3,369,019
Cumulative present value of FCF	21,526,035					

Notes

(1) The long term growth rate is assumed to be 3.00% based on Malaysia's expected average inflation growth from FY2018 to FY2022. Source: International Monetary Fund.

(2) The discount rate is based on Tian Di's post tax WACC.

(3) Terminal year FCF is calculated based on the 12 months' FCF for FY 2022, incorporating the long-term growth factor of 3.00%.

(4) Cumulative present value of FCF includes the present value from FY 2017 (5 months) to FY 2022 (12 months) only.

(5) The changes in net working capital is based on the year on year net working capital changes forecasted based on historical figures.

(6) Projected to be the same as the depreciation.

Appendix III - DCF Analysis (3/3)

Fame

Constant parameters	
Long-term growth rate ⁽¹⁾	3.00%
Discount rate ⁽²⁾	15.22%

Terminal value	
Terminal year FCF ⁽³⁾	7,952,533
Terminal value	65,083,946
Present value of terminal value	32,052,030

Enterprise value	
Cumulative present value of FCF ⁽⁴⁾	24,506,300
Present value of terminal value	32,052,030
Enterprise value	56,558,330

Implied equity value	
Enterprise value	56,558,330
Plus: Cash and cash equivalents	47,747
Less: Borrowings	
Implied equity value	56,606,077
Implied equity value of 51% interest	28,869,099

Discounted cash flow approach

	FY 2017 (5 months)	FY 2018 (12 months)	FY 2019 (12 months)	FY 2020 (12 months)	FY 2021 (12 months)	FY 2022 (12 months)	Terminal
Revenue	13,608,000	34,984,535	37,475,434	40,143,685	43,001,915	46,063,652	
Cost of sales	(8,865,859)	(22,793,060)	(24,415,926)	(26,154,340)	(28,016,529)	(30,011,306)	
Gross Profit	4,742,141	12,191,475	13,059,508	13,989,345	14,985,386	16,052,346	
Administrative Expenses	(1,593,010)	(4,095,436)	(4,387,032)	(4,699,388)	(5,033,985)	(5,392,404)	
Other Operating Expenses	(373,345)	(959,825)	(1,028,165)	(1,101,370)	(1,179,787)	(1,263,788)	
EBITDA	2,775,786	7,136,214	7,644,312	8,188,587	8,771,614	9,396,153	
Potential EBITDA adjustments:							
Normalised EBITDA	2,775,786	7,136,214	7,644,312	8,188,587	8,771,614	9,396,153	
Depreciation expenses	(122,933)	(316,045)	(338,547)	(362,652)	(388,473)	(416,132)	
Finance expenses							
Income tax expenses	(330,741)	(850,295)	(910,836)	(975,687)	(1,045,156)	(1,119,572)	
Normalised net income	2,322,113	5,969,874	6,394,929	6,850,248	7,337,985	7,860,450	
Adjustments:							
Add: Depreciation expenses	122,933	316,045	338,547	362,652	388,473	416,132	
Changes in working capital ⁽⁵⁾	(126,676)	(105,982)	(113,527)	(121,511)	(130,269)	(139,544)	
Less: CAPEX ⁽⁶⁾	(122,933)	(316,045)	(338,547)	(362,652)	(388,473)	(416,132)	
Free cash flow (FCF)	2,195,437	5,863,892	6,281,401	6,728,637	7,207,716	7,720,905	7,952,533
Applicable mid-period dates	43,100.00	43,465.00	43,830.00	44,196.00	44,561.00	44,926.00	
Discount period	0.21	0.92	1.92	2.92	3.92	4.92	5.00
Discount factor	0.9709180	0.88	0.76	0.66	0.57	0.50	0.49
Present value	2,131,589	5,149,787	4,787,802	4,451,261	4,138,376	3,847,484	
Cumulative present value of FCF	24,506,300						

Notes

- (1) The long term growth rate is assumed to be 3.00% based on Malaysia's expected average inflation growth from FY2018 to FY2022. Source: International Monetary Fund.
- (2) The discount rate is based on Tian Di's post tax WACC.
- (3) Terminal year FCF is calculated based on the 12 months' FCF for FY 2022, incorporating the long-term growth factor of 3.00%.
- (4) Cumulative present value of FCF includes the present value from FY 2017 (5 months) to FY 2022 (12 months) only.
- (5) The changes in net working capital is based on the year on year net working capital changes forecasted based on historical figures.
- (6) Projected to be the same as the depreciation.

Appendix IV - Computation of Maintainable EBITDA

Tian Di - Computation of maintainable EBITDA		
	FY2016 (Audited)	FY2017 (Unaudited)
<MYR>		
Revenue	41,133,769	29,690,570
Cost of Sales*	(33,060,389)	(22,985,507)
Gross Profit	8,073,380	6,705,063
Other Income	420,691	
Administrative Expenses	(3,516,394)	(2,766,195)
Other Operating Expenses (net of depreciation)	(322,077)	(1,114,798)
EBITDA	4,655,600	2,824,070
Adjustments:		
Other income	(420,691)	483,553
Impairment loss on other receivables	-	
Normalised EBITDA	4,234,909	3,307,623
		5,072,169

Source: Audited financial statements as at 31 December 2016 and management accounts for financial period ended 31 July 2017.

Fame - Computation of maintainable EBITDA		
	FY2016 (Extrapolated)	FY2017 (Unaudited)
<MYR>		
Revenue	15,566,457	22,286,049
Cost of Sales*	(9,787,583)	(14,519,766)
Gross Profit	5,778,874	7,766,283
Other income	103,465	-
Administrative Expenses	(1,471,337)	(2,608,898)
Other Operating Expenses (net of depreciation)	(126,972)	(2,032,599)
EBITDA	4,284,031	3,124,786
Adjustments:		
Preliminary expenses written off	2,655	
Removal fee	3,186	-
Other income	(103,465)	-
Impairment of other receivables	-	1,421,166
Normalised EBITDA	4,186,406	4,545,952
		6,290,287

Source: Audited financial statements as at 31 December 2016 and management accounts for financial period ended 31 July 2017.

* The commission paid to Y.C have been excluded in the cost of sales for the purposes of computation of maintainable EBITDA.

Appendix V - Discount for Lack of Marketability

Discount for Lack Of Marketability

- Marketability is the ability to quickly convert an asset to cash at minimal cost¹. A discount for the lack of marketability ("DLOM") is an amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability².
- DLOM is typically applied to private companies to reflect the inherent illiquidity of finding a ready buyer as the stock is not traded on an exchange.
- DLOM studies² since 1997 indicate a average discount of approximately 34% and a maximum discount of approximately 45%.

Study	Period of study	Discount for lack of marketability
SEC Overall Average	1966-1969	25.8%
SEC Nonreporting OTC Companies	1966-1969	32.6%
Gelman	1968-1970	33.0%
Trout	1968-1972	33.5%
Moroney	NA	35.6%
Maher	1969-1973	35.4%
Standard Research Consultants	1978-1982	45.0%
Willamette Management Associates	1981-1984	31.2%
Silber	1981-1988	33.8%
Average discount		34.0%
Max discount		45.0%

- Company-specific factors affecting liquidity should be further taken into account in the determination of the final DLOM.
- Smaller size companies and companies with a smaller percentage of current assets are less liquid, thereby contributing to a higher DLOM.
- Companies with stronger profitability, stronger cash flows and less leverage are more attractive to buyers, thereby contributing to a lower DLOM.
- We have applied a DLOM ranges from 34% to 45% to Entities after considering the company-specific factors.

¹¹ Source: *International Glossary of Business Valuation Terms*

¹² Source: *A Companion Guide To The FIMV Restricted Stock Study 2016 Edition*

APPENDIX B – IFA LETTER

RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

19 January 2018

To: The Independent Directors of Libra Group Limited
(deemed to be independent in respect of the Proposed Acquisition)

Mr Xu Ruibing	(Executive Director)
Mr Kong Chee Keong	(Lead Independent Director)
Mr Soon Ai Kwang	(Independent Non-Executive Director)
Ms Gn Jong Yuh Gwendolyn	(Independent Non-Executive Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED ACQUISITION OF 51.0% OF THE ISSUED AND PAID-UP SHARES IN YC CAPITAL CONSOLIDATED SDN. BHD. AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 19 January 2018 (“Circular”) issued by the Company to the shareholders of the Company (“Shareholders”) shall have the same meaning herein. For the purpose of this Letter (as defined herein), where applicable, we have used the foreign exchange rates of MYR1.00 : S\$0.3224 as set out in the Announcement (as defined herein) and is provided solely for information only.

1. INTRODUCTION

On 10 October 2017 (“**Announcement Date**”), the board of Directors (“**Directors**”) of Libra Group Limited (“**Company**”, together with its subsidiaries, “**Group**”) announced that (“**Announcement**”) it had, on the same day, entered into a conditional sale and purchase agreement dated 10 October 2017 (“**SPA**”) with Mr Chu Sau Ben (“**Vendor**”), Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad in relation to the purchase of 1,020,000 ordinary shares (representing 51.0% of the issued and paid-up share capital) (“**Sale Shares**”) in YC Capital Consolidated Sdn. Bhd. (“**Target**”) from the Vendor for a consideration of S\$15.0 million (or MYR46.5 million) (“**Proposed Acquisition**”).

The Target is an investment holding company and owns 100.0% of YC Travel & Tours Sdn. Bhd. (“**YC Travel**”), a company principally engaged in the business of providing travel and tour agency services since March 2008. YC Travel, in turn, owns several wholly owned subsidiaries involved in the businesses of retailing of products catering to tourists (collectively, Target, YC Travel and its subsidiaries, “**Target Group**”).

The shareholders of the Target are as follows:

Shareholder of Target	No. of ordinary shares in the share capital of the Target	Percentage shareholding in Target (%)
Vendor	1,020,000	51.0
Mr Choong Hin Seong	880,000	44.0
Tuan Haji Anuar bin Ahmad	100,000	5.0

Upon completion of the Proposed Acquisition (“**Completion**”), the Vendor will cease to be a shareholder of the Target while the Company would become the new majority shareholder of the Target. The Target and the Target Group will become subsidiaries of the Company. Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad will remain as shareholders of the Target (collectively, Vendor, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad, (“**YC Shareholders**”)).

The consideration for the Proposed Acquisition was contemplated to be S\$15.0 million (or MYR46.5 million), payable by the Company to the Vendor by way of the issuance and allotment of 117,187,500 ordinary shares in the share capital of the Company (“**Shares**”) to the Vendor at an issue price of S\$0.128 per Consideration Share (“**Issue Price**”).

On 2 January 2018, the Company announced that the Company and the Vendor had mutually agreed in writing to extend the long stop date for the Proposed Acquisition from 31 December 2017 to 31 March 2018.

On 10 January 2018, the Company further announced that it has entered into a supplemental agreement with the Target, Vendor and the YC Shareholders to supplement certain terms of the SPA, including *inter alia*:

- (i) the revision of the consideration payable for the Proposed Acquisition from S\$15.0 million (or MYR46.5 million) to S\$12.0 million (or MYR37.2 million) with additional incentive payouts of up to S\$2.0 million (or MYR6.2 million) should the Target Group achieve certain profits (“**Earn-out Incentive**”) to be settled by way of a further issuance of new shares to the Vendor;
- (ii) the identification of one of the Group’s indirect wholly-owned subsidiary, Libra Engineering Sdn. Bhd., to acquire the Sale Shares; and
- (iii) the undertaking that the Vendor shall not to sell any of the 93,750,000 Consideration Shares until the business day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2018 (“**FY2018**”).

Separately, we note that the Vendor had granted a waiver of an existing shareholder’s loan from the Vendor to the Target Group with an outstanding amount of MYR17.2 million (or S\$5.5 million) (“**Shareholder’s Loan**”).

The consideration for the Proposed Acquisition of S\$12.0 million (or MYR37.2 million) (“**Consideration**”) shall be payable by the Company to the Vendor by way of the issuance and allotment of 93,750,000 Shares to the Vendor (“**Consideration Shares**”) at the Issue Price of S\$0.128 per Consideration Share. Similarly, should the Target Group achieve the profits as set out in the SPA, the Earn-out Incentive would be paid out to the Vendor by way of the issuance and allotment of 15,625,000 Shares to the Vendor at the same Issue Price (“**Earn-out Incentive Shares**”).

The Vendor is the Executive Chairman and Chief Executive Officer of the Company. As at the Latest Practicable Date, the Vendor has, in aggregate, a direct and deemed interest in 59,773,000 Shares, representing approximately 50.0% of the total number of issued Shares. As such, the Vendor is deemed to be a controlling Shareholder of the Company.

Following the above, pursuant to Chapter 9 of Section B of the Listing Manual of the SGX-ST ("**Catalist Rules**"), the Vendor is deemed as an interested person to the Proposed Acquisition ("**Interested Person**") and the Proposed Acquisition is deemed as an interested person transaction ("**Interested Person Transaction**").

In accordance with Chapter 9 of the Catalist Rules, Shareholders' approval must be obtained for any Interested Person Transaction of a value which is equal to or greater than 5.0% of the Group's latest audited net tangible assets ("**NTA**") or when aggregated with other Interested Person Transactions during the same financial period, the value is equal to or more than 5.0% of the Group's latest audited NTA. In obtaining such approval, pursuant to Rule 919 of the Catalist Rules, the Interested Persons and their associates are required to abstain from voting on the resolution approving the Interested Person Transaction.

Based on the Group's latest audited consolidated accounts for the financial year ended 31 December ("**FY**") 2016, the Group's audited NTA is approximately S\$23.4 million. The Consideration amounts to S\$12.0 million which represents approximately 51.3% of the Group's latest audited NTA. If the Earn-out Incentive is included, the Consideration and the Earn-out Incentive would amount to S\$14.0 million, which will represent approximately 59.8% of the Group's latest audited NTA.

Pursuant to the Catalist Rules, the Proposed Acquisition is subject to the approval of the Company's independent shareholders ("**Independent Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened. The Proposed Acquisition is also subject to, *inter alia*, the approval of the Independent Shareholders at the EGM in accordance with Rules 804 and 805 of the Catalist Rules.

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company is required to appoint an independent financial adviser ("**IFA**") to advise the Directors who are deemed to be independent with respect to the Proposed Acquisition ("**Independent Directors**") as to whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders. In addition, pursuant to Rule 919 of the Catalist Rules, the Vendor will abstain, and will procure his associates to abstain, from voting on the resolution to approve the Proposed Acquisition at the EGM in respect of their entire shareholdings in the Company.

Accordingly, RHT Capital Pte. Ltd. ("**RHTC**") has been appointed by the Company as the IFA to the Independent Directors to render an opinion on whether the Proposed Acquisition, as an Interested Person Transaction, is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

Save for the Vendor who will abstain from making any recommendation on the Proposed Acquisition as a Director of the Company, the remaining Directors, namely, Mr Xu Ruibing, Mr Kong Chee Keong, Mr Soon Ai Kwang and Ms Gn Jong Yuh Gwendolyn are deemed to be independent for the purpose of the Proposed Acquisition.

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Acquisition as an Interested Person Transaction. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Acquisition and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Catalist Rules, on whether the Proposed Acquisition as an Interested Person Transaction, is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Acquisition. We do not, by this Letter, warrant the merits of the Proposed Acquisition other than to form an opinion for the purposes of Chapter 9 of the Catalist Rules.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied on information provided and representations made by the Directors, the management of the Company ("**Management**") and the Company's advisers. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness and adequacy of such information. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Acquisition and the Company are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Acquisition and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company, the Group, the Target and the Target Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company, the Group, the Target and the Target Group in connection with our opinion in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Target, the Target Group, the Company and/or the Group, (including without limitation, property, plant and equipment). We have, however, been furnished with the business valuation report on certain entities of the Target Group dated 19 January 2018 ("**Valuation Report**") prepared by BDO Advisory Pte. Ltd. ("**Valuer**"), being the independent valuer appointed by the Company for the purpose of the Proposed Acquisition, on which we have placed sole reliance on for such valuation. The Valuer had carried out an independent valuation of the Target Group entities as at 31 July 2017 ("**Valuation Date**") for the purpose of the Proposed Acquisition. A copy of the Valuation Report is set out in Appendix A to the Circular. We are not experts in the evaluation or appraisal of the assets concerned and we have made reference to Valuation Report for such assets appraisal and have not made any independent verification of the contents thereof.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 12 January 2018 ("**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Independent Shareholders should further take note of any announcements relevant to their consideration of the Proposed Acquisition which may be released by the Company after the Latest Practicable Date.

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

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

This Letter sets out, *inter alia*, our opinion on whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company, through its subsidiaries, is a Singapore based integrated building solutions company with its core businesses in: (i) mechanical and electrical engineering (“**M&E**”) services; (ii) manufacturing and sale of air-conditioning and mechanical ventilation ducts (“**ACMV**”) and trading of ACMV related products; and (iii) building and construction solutions. The Company was listed on the Catalist Board of the SGX-ST on 15 November 2011.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital comprising 119,542,198 Shares (excluding 1,769,900 treasury shares). Based on the last transacted Share price of S\$0.135 and the outstanding Shares as at the Latest Practicable Date, the market capitalisation of the Company was approximately S\$16.1 million.

3.2 Key financial information of the Group

The summary of the audited financial statements of the Group for FY2014 (restated), FY2015 and FY2016 and the unaudited interim financial statements of the Group for the first six months (“**HY**”) of 2016 and 2017 is set out below. The following summary of financial information should be read in conjunction with the full text of the Company’s annual reports and the respective results announcements in respect of the relevant financial periods including the notes thereto.

Financial performance of the Group

	Audited	Audited	Audited	Unaudited	Unaudited
(S\$'000)	FY2014 (Restated)	FY2015	FY2016	HY2016	HY2017
Revenue	63,667	90,208	80,873	44,173	30,829
Cost of sales	(49,238)	(72,877)	(65,528)	(35,752)	(25,193)
Gross profit	14,430 ⁽¹⁾	17,331	15,344 ⁽¹⁾	8,421	5,636
Other income	262	1,206	1,947	870	1,020
Administrative expenses	(8,938)	(10,632)	(13,981)	(6,902)	(5,239)
Finance costs	(482)	(1,302)	(1,452)	(770)	(586)
Profit before tax	5,272 ⁽¹⁾	6,603	1,860 ⁽¹⁾	1,619	831
Income tax expense	(29)	(325)	(51)	(17)	(70)
Profit for the year	5,243⁽¹⁾	6,278	1,808⁽¹⁾	1,602	761

Sources: Company’s annual reports for FY2015 and FY2016, and the Company’s announcement relating to the unaudited financial results for HY2017

Note:

(1) Does not add due to rounding.

Review of operating results

FY2015 vs FY2014

Revenue generated by the Group increased by approximately S\$26.5 million or 41.6% from S\$63.7 million in FY2014 to S\$90.2 million in FY2015. The increase was due to higher revenues achieved from all three business segments: (i) revenues from the M&E business segment increased by S\$14.4 million primarily due to higher order intakes; (ii) revenues from the ACMV manufacturing business segment increased by S\$0.4 million due to increased sales volume and ducting and accessories; and (iii) revenues from the building and construction solutions segment increased by S\$11.8 million, primarily due to the consolidation of the results of Cyber Builders Pte. Ltd. ("**Cyber**") following the completion of the Group's acquisition of Cyber in FY2015.

Gross profit increased by approximately S\$2.9 million or 20.1% from S\$14.4 million in FY2014 to S\$17.3 million in FY2015. Gross profit from the M&E business segment increased by S\$1.6 million due to higher project completion and improved project execution and productivity, however, gross profit margin declined from 22.3% to 19.6% due to more competitive pricing submitted for the projects secured. Gross profit from the ACMV manufacturing business segment increased by S\$0.4 million due to the increased sales volumes of ducting and accessories products manufactured by the Group, which had generated a higher profit margin compared to the trading of other ACMV products. Gross profit from the building and construction solutions segment also increased by S\$1.7 million, compared to a gross loss in FY2014 due to the consolidation of Cyber's results in FY2015 arising from the Cyber acquisition.

Other income increased by approximately S\$0.9 million or 300.0%, from S\$0.3 million in FY2014 to S\$1.2 million in FY2015 due to compensation received by the Group in relation to the termination of a sub-contract for dry architectural work and recourse recognised from the vendor of the Cyber acquisition.

Administrative expenses increased by approximately \$1.7 million from S\$8.9 million in FY2014 to S\$10.6 million in FY2015, mainly due to: (i) the consolidation of Cyber's expenses; (ii) increase in land rental expense and property tax incurred; (iii) higher salaries and wage expenditure due to increase in headcount and salary adjustments; offset by: (iv) decrease in provision for impairments of contract work-in-progress; (v) decrease in allowance for doubtful debts. Finance costs increased by approximately S\$0.8 million from S\$0.5 million in FY2014 to S\$1.3 million in FY2015 due to the increase in project financing utilised by the Group in FY2015, which was in line with the increase in the Group's project activities.

As a result of the above, profit for the year increased by approximately S\$1.1 million or 21.2% from S\$5.2 million in FY2014 to S\$6.3 million in FY2015.

FY2016 vs FY2015

Revenue generated by the Group decreased by approximately S\$9.3 million or 10.3% from S\$90.2 million in FY2015 to S\$80.9 million in FY2016. The decrease was due to lower revenues recorded from all three business segments: (i) revenues from the M&E business segment decreased by S\$6.9 million primarily due to lower order intakes; (ii) revenues from the ACMV manufacturing business segment decreased by S\$2.3 million due to decreased re-sales volume of coils; and (iii) marginal decrease in the revenue from the building and construction solutions segment of S\$0.01 million.

Gross profit decreased by approximately S\$2.0 million or 11.6% from S\$17.3 million in FY2015 to S\$15.3 million in FY2016. Gross profit from the M&E business segment decreased by S\$2.3 million and gross profit margin declined from 19.6% to 17.8%, mainly due to rising costs of materials and wages. Similarly, gross profit from the building and construction solutions business segment also decreased by S\$1.0 million and gross profit margin declined from 11.6% to 3.9% due to fewer projects secured during the economic downturn. However, gross profit from the ACMV manufacturing business segment increased by S\$0.6 million and gross profit margin increased from 22.9% to 31.2% due to better cost control management including reduced costs material for re-sales coil and improved margins for ducting and accessories.

Other income increased by approximately S\$0.7 million or 58.3%, from S\$1.2 million in FY2015 to S\$1.9 million in FY2016 due to an additional S\$0.6 million of rental income derived from the Group's Sungei Kadut property which was acquired in August 2015 and S\$0.3 million in service income, offset by lower bad debts recovered of S\$0.2 million.

Administrative expenses increased by approximately S\$3.4 million from S\$10.6 million in FY2015 to S\$14.0 million in FY2016, mainly due to: (i) increase in land rental expense and property tax incurred; (ii) higher salaries and wage expenditure due to increase in headcount and salary adjustments; (iii) impairments of gross amount due from customers for contract work-in-progress; (iv) allowance for doubtful trade receivables; and (v) fair value losses on other receivables and assets held for sale. Finance costs increased by approximately S\$0.2 million from S\$1.3 million in FY2015 to S\$1.5 million in FY2016 due to the increase in project financing utilised by the Group as well as property loans taken for the Group's properties in Sungei Kadut and Loyang Drive.

As a result of the above, profit for the year decreased by approximately S\$4.5 million or 71.4% from S\$6.3 million in FY2015 to S\$1.8 million in FY2016.

HY2017 vs HY2016

Revenue generated by the Group continued to decrease, falling by approximately S\$13.4 million or 30.3% from S\$44.2 million in HY2016 to S\$30.8 million in HY2017. The decrease was due to lower revenues recorded in the M&E business segment and the ACMV manufacturing segment. Revenues from the M&E business segment declined S\$13.2 million as a result of a decrease in work done, and revenues from the ACMV manufacturing segment declined by S\$1.5 million primarily due to declining ducting sales. The decline in revenues was partially offset by the increase in revenues generated from the building and construction solutions segment, which increased by S\$1.3 million as a result of increasing project realisation with higher order intake secured.

Gross profit decreased by approximately S\$2.8 million or 33.3% from S\$8.4 million in HY2016 to S\$5.6 million in HY2017 due to: (i) a decrease in gross profit of S\$1.8 million from the M&E business segment arising from lower volume of ongoing engineering projects, (ii) a decrease in gross profit of S\$1.1 million from the manufacturing segment due to a decrease in sales; and (iii) offset by an increase in gross profit of S\$0.1 million from the building and construction solutions segment.

Other income increased by approximately S\$0.1 million, from S\$0.9 million in HY2016 to S\$1.0 million in HY2017 mainly attributable to the gain on disposal of a factory located at Ang Mo Kio Street 62 disposed in HY2017.

Administrative expenses decreased by approximately S\$1.7 million from S\$6.9 million in HY2016 to S\$5.2 million in HY2017, mainly due to lower bonus and incentives incurred during the year and finance costs decreased by approximately S\$0.2 million from S\$0.8 million in HY2016 to S\$0.6 million in HY2017, mainly due to the decrease in trade financing utilised by the Group in HY2017 which was in line with the decrease in the Group's project activities.

As a result of the above, profit for the year decreased by approximately S\$0.8 million or 50.0% from S\$1.6 million in HY2016 to S\$0.8 million in HY2017.

Financial position of the Group

The unaudited financial position of the Group as at 30 June 2017 is as follows:

(S\$'000)	Unaudited As at 30 June 2017
<u><i>Non-current assets</i></u>	
Property, plant and equipment	36,885
Goodwill	980
Deferred tax assets	39
Total non-current assets	37,904
<u><i>Current assets</i></u>	
Gross amount due from customers for contract work-in-progress	25,177
Inventories	1,691
Prepaid operating expenses	1,052
Trade and other receivables	11,969
Cash and cash equivalents	5,617
Total current assets	45,506
Total assets	83,410
<u><i>Current liabilities</i></u>	
Gross amount due to customers for contract work-in-progress	1,181
Trade and other payables	12,449
Other liabilities	4,388
Loan and borrowings	20,899
Income tax payable	243
Total current liabilities	39,160
<u><i>Non-current liabilities</i></u>	
Loan and borrowings	18,650
Deferred tax liabilities	138
Total non-current liabilities	18,788
<u><i>Equity attributable to owners of the Company</i></u>	
Share capital	18,766
Treasury shares	(256)
Foreign currency translation reserve	(88)
Premium paid on acquisition of non-controlling interests	(355)
Merger reserves	(7,442)
Retained earnings	14,837
Total equity	25,462

(S\$'000)	Unaudited As at 30 June 2017
No. of Shares (excluding treasury shares) as at Latest Practicable Date	119,542,198
Net asset value attributable to owners of the Company per Share as at 30 June 2017 (S\$)	0.213
NTA attributable to owners of the Company per Share as at 30 June 2017 (S\$)	0.205

Source: Company's announcement relating to the unaudited financial results for HY2017

Review of financial position

The assets of the Group as at 30 June 2017 comprised mainly: (i) property, plant and equipment of S\$36.9 million; (ii) gross amount due from customers for contract work-in-progress of S\$25.2 million; and (iii) trade and other receivables of S\$12.0 million, representing 44.2%, 30.2% and 14.3% of the total assets respectively.

Property, plant and equipment are initially recorded at cost and subsequent to recognition, are measured at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment comprised mainly: (i) assets under construction of S\$26.6 million; (ii) buildings of S\$5.2 million; and (iii) plant and machinery of S\$3.1 million. Assets under construction relate to leasehold land and building located at 53 Loyang Drive, Singapore 508957. These assets under construction are mortgaged to secure the Group's loans and borrowings. Buildings relate to the Group's buildings located at 34 Sungei Kadut Loop, Singapore 729488 and are depreciated over a useful life of nine years. Plant and machinery are depreciated over a useful life of five to ten years.

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively in accordance to surveyor's certification or by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method). Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured, while contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Gross amount due from customers for contract work-in-progress is the aggregate amount of contract costs incurred and attributable profits (less any recognised loss) to date amounting to S\$35.7 million less progress billings amounting to S\$10.5 million. It is presented as the net amount between gross amount due from customers for contract work-in-progress and gross amount due to customers for contract work-in-progress.

Trade receivables amounting to S\$7.8 million are 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, and are denominated in S\$ and MYR. Other receivables comprise mainly of a refundable advance and loans to external parties. The refundable advance relates to an advance amounting to US\$0.6 million extended to Neptune Aviation Ltd, an entity which the Group had entered into an option to purchase, however, the acquisition did not proceed to fruition and was subsequently terminated. The refundable advance was extended is on a fully refundable basis and it is secured by a plane purchased by the entity. Loans to external parties are extended to two external parties at an interest rate of 15.0% and 8.0% respectively and these amounts are repayable in cash within twelve months.

The liabilities of the Group as at 30 June 2017 comprised mainly: (i) short term and long term loans and borrowings of S\$39.5 million; and (ii) trade and other payables of S\$12.4 million representing 68.2% and 21.5% of the total liabilities respectively.

Short term loans and borrowings amounting to S\$20.9 million comprised mainly of trust receipts and term loans. Trust receipts amount to S\$9.9 million and bear interest of 2.50% to 7.25% per annum. Trust receipts are secured by corporate guarantees issued by the Company.

Term loans are repayable by monthly instalments over one to twelve years and bear interest of 1.68% to 6.30% per annum. Certain term loans are secured by corporate guarantee issued by the Company and certain entities in the Group, as well as joint and personal guarantees from a director. Some of the term loans include an overriding clause which gives the lenders the right to review the loans from time to time at their sole discretion, thus these term loans are classified as current liabilities, even though they are not scheduled for repayment within twelve months after the reporting date based on the loan facility agreements.

Non-current loans and borrowings of the Group amounting to S\$18.7 million comprised mainly a mortgage loan and a construction loan of approximately S\$11.0 million and S\$8.7 million due in 2029 and 2032 respectively. The mortgage loan and construction loan are secured by corporate guarantees issued by certain entities in the Group, the Group's property at 53 Loyang Drive, Singapore 508957 and legal assignment of the current and future rental proceeds of the property.

Trade and other payables comprise of trade payables and retention payables and these are non-interest bearing and are normally settled on 30 to 60 days' terms.

As at 30 June 2017, the NTA attributable to owners of the Company amounted to approximately S\$24.5 million. Based on the number of issued and paid-up Shares of the Company as the Latest Practicable Date of 119,542,198, the NTA per Share attributable to owners of the Company amounted to S\$0.205 per Share.

4. SALIENT TERMS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are set out in Section 2.6 of the Circular. A summary of the key terms of the Proposed Acquisition is set out below for your reference.

4.1 Consideration

The Consideration for the Proposed Acquisition is S\$12.0 million (or MYR37.2 million).

The Consideration was arrived at after arms' length negotiations, on a willing-buyer-willing-seller basis, after taking into account, among others, the following factors:

- (a) the value of the Sale Shares assessed by the Company through an income-based approach and cost-based approach; and
- (b) the terms of the Investment Property Disposal (as defined and elaborated in Paragraph 4.6 of this Letter) Shareholders should note that the Consideration excludes the value of the Investment Property, and subsequent to Completion, the Company, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad shall procure that the Target enter into a sale and purchase agreement (or similar agreement) in relation to disposal of the Investment Property.

We note that the Consideration is for the purchase of 51.0% of the equity interests in the Target Group. The remaining 49.0% equity interest of the Target Group is still being held by Mr Choong Hin Seong (44.0%) and Tuan Haji Anuar bin Ahmad (5.0%).

Accordingly, we note that the Consideration values the 100.0% equity value of the Target Group at S\$23.5 million or MYR72.9 million.

4.2 Settlement of the Consideration

The Consideration is to be satisfied by the issuance and allotment of 93,750,000 Consideration Shares to the Vendor at the Issue Price of S\$0.128 per Consideration Share upon Completion.

The Consideration Shares when allotted and issued will rank *pari passu* in all respects with the then existing ordinary shares in the share capital of the Company, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of the allotment and issuance of the Consideration Shares, as the case may be.

The Issue Price of S\$0.128 is equivalent to the last transacted price prior to the trading halt on the Announcement Date and prior to the signing of the SPA, and is a 1.6% premium over the VWAP of S\$0.126 on the Announcement Date.

As at the Latest Practicable Date, the Company had an issued and paid-up share capital comprising 119,542,198 Shares (excluding 1,769,900 treasury shares). Based on the total number of issued Shares, the 93,750,000 Consideration Shares represents approximately 78.4% of the existing issued Shares and 44.0% of the enlarged issued Shares after the Completion. Assuming that the Earn-out Incentive is achieved and 15,625,000 Earn-out Incentive Shares are issued, the 93,750,000 Consideration Shares and 15,625,000 Earn-out Incentive Shares will represent approximately 91.5% of the existing issued Shares and 47.8% of the enlarged issued Shares after Completion.

4.3 Earn-out Incentive

To incentivise the Vendor and to align his interests with the Company, in addition to the Consideration as set out above, the Company shall pay the Vendor a sum of up to S\$2.0 million ("**Earn-out Consideration**") on the business day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for FY2018 and to be based on the net profit after taxation of the Target Group for FY2018 ("**FY2018 NPAT**"). The Earn-out Incentive is to be satisfied by the allotment and issuance of Earn-out Incentive Shares to the Vendor at the same Issue Price of S\$0.128 per Share. The Earn-out Consideration is computed as follows:

- (i) where the FY2018 NPAT is equal to or more than MYR7.0 million but lower than MYR8.0 million, the Earn-out Consideration will be S\$1.0 million (or MYR3.1 million), which shall be fully satisfied by the allotment and issuance of 7,812,500 Earn-out Incentive Shares; and
- (ii) where the FY2018 NPAT is equal to or more than MYR8.0 million, the Earn-out Consideration will be S\$2.0 million (or MYR6.2 million), which shall be fully satisfied by the allotment and issuance of 15,625,000 Earn-out Incentive Shares.

For the avoidance of doubt, there is no profit guarantee provided by the Vendor to the Company in relation to the Proposed Acquisition. Should the FY2018 NPAT fall below MYR7.0 million, no Earn-out Incentive would be paid out to the Vendor and the Company confirms that there are no clauses in the SPA which guarantees the payment of the Earn-out Incentive.

The Earn-out Incentive Shares when allotted and issued will rank *pari passu* in all respects with the then existing ordinary shares in the share capital of the Company, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of the allotment and issuance of the Earn-out Incentive Shares, as the case may be.

4.4 Waiver of Shareholder's Loan owing to the Vendor and repayment of amounts due from the YC Shareholders

Pursuant to the SPA, to demonstrate his commitment to the Company and to clean up the Target Group's balance sheet, the Vendor has agreed to waive the entire balance of the Shareholder's Loan owing to him amounting to MYR17.2 million (or S\$5.5 million) upon Completion. The Vendor and the Target has entered into a letter of agreement on 10 January 2018 to record the terms of the said waiver.

In addition, we understand that the amounts due from Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad would also be repaid prior to Completion of the Proposed Acquisition.

4.5 Commitment by Vendor not to sell Shares in Company

Pursuant to the SPA, to further demonstrate his commitment to the Company, the Vendor has undertaken not to sell any of the 93,750,000 Consideration Shares until the business day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for FY2018.

4.6 Investment Property Disposal

As part of the SPA, the Company, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and the Target agree and undertake to dispose the Investment Property residing in YC Travel's balance sheet, within twelve months of Completion ("**Investment Property Disposal**"). The terms and conditions of the Investment Property Disposal, including the consideration and timing of the Investment Property Disposal will be determined by the Company in its absolute discretion.

Proceeds generated from the Investment Property Disposal would be used to: (i) discharge any indebtedness of the Target in relation to the Investment Property (“**Investment Property Loans**”); (ii) to pay any taxes arising or having arisen in connection to the Investment Property; and (iii) settle all cost and expenses in relation to the Investment Property Disposal. Any surplus amount arising from the above would be distributed to the YC Shareholders.

Should there be a shortfall arising from Investment Property Disposal, the YC Shareholders would reimburse the Company to discharge the Investment Property Loans, pay all taxes and settle all the costs and expenses arising from the Investment Property Disposal.

In addition, each of the YC Shareholders have provided a covenant and undertaking to the Company that, subsequent to Completion, the YC Shareholders will make all repayments for all loans and borrowings related to the Investment Property on or before the date on which such repayments fall due, including but not limited to the Investment Property Loans.

In effect, the Company would be, through the Proposed Acquisition and pursuant to the SPA, acquiring the Target Group without the Investment Property and the Investment Property Loans, as well as all other liabilities such as taxes, costs and expenses that may arise from the Investment Property Disposal.

4.7 Conditions Precedent

Completion is subject to, *inter alia*: (i) the Company obtaining the requisite approvals from its Directors, its Independent Shareholders at the EGM and its regulatory authorities; (ii) the Target Group obtaining its requisite approvals from its directors and shareholders; (iii) satisfactory due diligence on the Target Group by the Company’s professional advisers; (iv) rectification by the Target Group on all issues and irregularities uncovered by the Company and its professional advisers in the course of the due diligence exercise conducted; (v) there are no outstanding amounts due from the directors of the companies in the Target Group to the Target Group; and (vi) the Company obtaining the listing and quotation notice from the SGX-ST for the listing of and quotation for the Consideration Shares and Earn-out Incentive Shares.

Full details of the conditions precedent to the Proposed Acquisition are set out in Section 2.6.2 of the Circular.

4.8 Additional Listing Application

The details of the additional listing application which have been set out in Section 3.1.3 of the Circular are extracted and reproduced in italics below:

“The Sponsor will be making an additional listing application to the SGX-ST, on behalf of the Company, for the listing of and quotation for the Consideration Shares and the Earn-out Incentive Shares on the Official List of SGX Catalyst. An announcement of the receipt of the listing and quotation notice in relation to the Consideration Shares and the Earn-out Incentive Shares (including the conditions that may be required to be fulfilled) will be made in due course when the listing and quotation notice is obtained.”

Shareholders should take note of further announcements to be made by the Company on the listing and quotation of the Consideration Shares and the Earn-out Incentive Shares.

5. INFORMATION ON THE TARGET AND THE TARGET GROUP

5.1 Information on the Target and the Target Group

Details on the Target and the Target Group are set out in Section 2.3 of the Circular. We have extracted the relevant sections and have set them out below for your reference.

“2.3 Information on the Target and the Target Group

The information on the Target and the Target Group provided below was provided to the Company by the representatives of the Target. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

2.3.1 The Target

The Target is a private limited company incorporated in Malaysia on 15 August 2012. The Target has been principally engaged in the business of investment holding. As at the Latest Practicable Date, the Target has a total issued and paid-up share capital of MYR2,000,000 comprising 2,000,000 ordinary shares. The directors of the Target are Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad.

As at the Latest Practicable Date, the shareholders of the Target are as follows:

Shareholder of Target	Number of ordinary shares in the share capital of the Target	Number of ordinary shares in the shares in the share capital of the Target as a percentage of the entire issued and paid-up share capital of the Target
<i>Mr Chu Sau Ben</i>	<i>1,020,000</i>	<i>51%</i>
<i>Mr Choong Hin Seong</i>	<i>880,000</i>	<i>44%</i>
<i>Tuan Haji Anuar bin Ahmad</i>	<i>100,000</i>	<i>5%</i>

2.3.2 Mr Choong Hin Seong

Mr Choong Hin Seong has over 20 years' of experience in the tourism industry. Due to the connections that Mr Choong Hin Seong has built over the years, he is able to develop the Target Group's relationships with overseas businesses, local businesses and community partners to ensure their engagement and high level of support of the Target Group's business. Save for the business relationship with Mr Chu Sau Ben in respect of the Target Group's business, Mr Choong Hin Seong, a Malaysian national, does not have any relationship, direct or indirect (including any business relationship), with the Company, the Group, its Directors or its Substantial Shareholders.

Mr Choong Hin Seong is presently a director of the Target and the managing director of YCT. His current responsibilities in the Target Group include strategic decision making, management and setting of the vision and mission of the Target Group. Subsequent to Completion, he will continue to be a director of the Target and the managing director of YCT, and continue to fulfil the aforementioned responsibilities in the Target Group.

2.3.3 Tuan Haji Anuar bin Ahmad

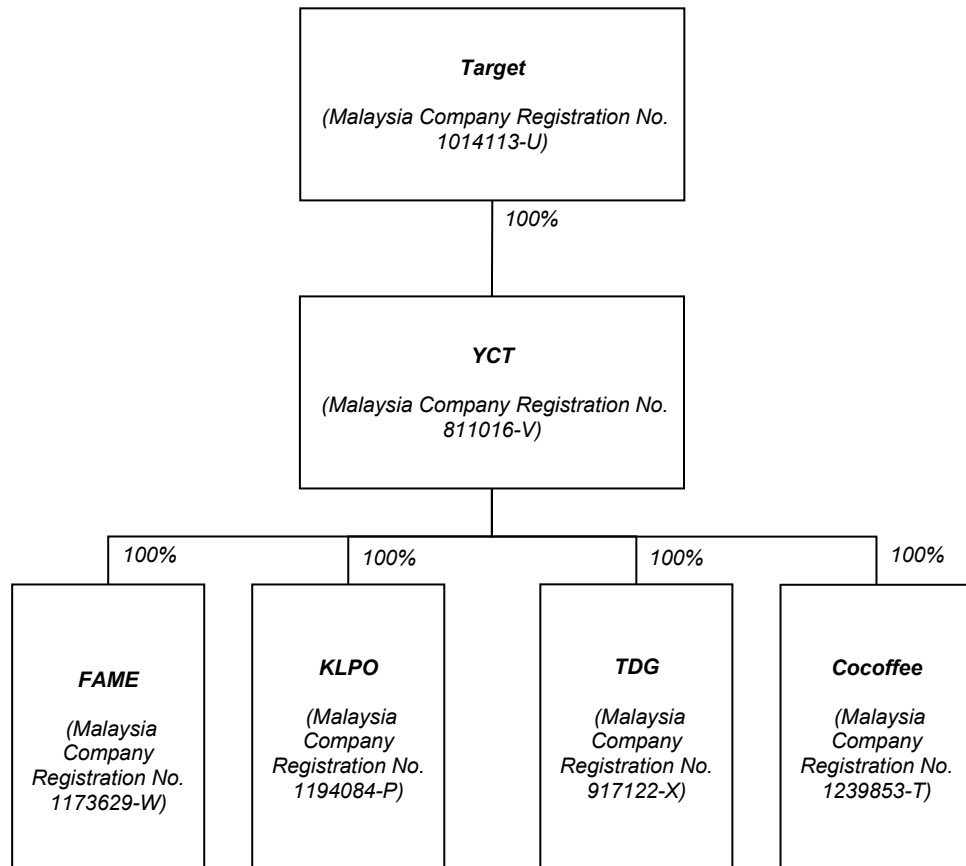
Tuan Haji Anuar bin Ahmad is an entrepreneur and businessman. His vast experience with the government sector and his stint in the private sector is valuable to the Target Group in areas of new business development within the tourism industry. Save for the business relationship with Mr Chu Sau Ben in respect of the Target Group's business, Tuan Haji Anuar bin Ahmad, a Malaysian national, does not have any relationship, direct or indirect (including any business relationship), with the Company, the Group, its Directors or its Substantial Shareholders.

Tuan Haji Anuar bin Ahmad is presently a director of the Target and a director of YCT. His roles in the Target Group include dealing with government related parties, advising on statutory obligations and assisting in decision making. Subsequent to Completion, he will continue to be a director of the Target and a director of YCT, and continue to fulfil the aforementioned responsibilities in the Target Group.

2.3.4 Group structure of the Target Group

The Company wishes to update Shareholders that as at the Latest Practicable Date, the Target has become the shareholder of the entire issued and paid-up share capital of YCT. Accordingly, the Company is satisfied that the condition precedent as set out in Section 2.6.2(iii) of this Circular has been fulfilled.

The group structure of the Target Group as at the Latest Practicable Date is set out in the diagram below.



2.3.5 YCT

YCT is a private limited company incorporated in Malaysia on 25 March 2008. YCT has been principally engaged in the business of providing travel and tour agency services since March 2008. The directors of YCT are Mr Chu Sau Ben, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad.

2.3.6 FAME

FAME is a private limited company incorporated in Malaysia on 22 January 2016. FAME has been principally engaged in the business of retailing of local goods and products since June 2016. The directors of FAME are Mr Choong Hin Seong and Mr Low Kee Kian.

2.3.7 KLPO

KLPO is a private limited company incorporated in Malaysia on 11 July 2016. KLPO has been principally engaged in the business of retailing of luxury items since October 2016. The directors of KLPO are Mr Choong Hin Seong and Tuan Haji Anuar Bin Ahmad.

2.3.8 TDG

TDG is a private limited company incorporated in Malaysia on 6 October 2010. TDG has been principally engaged in the business of retailing of latex products since October 2010. The directors of TDG are Ms Lee Ching Mei, Mr Koh Kwan Hong, Mr Low Kee Kian and Mr Phan Cheen-Hau.

2.3.9 Cocoffee

Cocoffee is a private limited company incorporated in Malaysia on 24 July 2017. Cocoffee has been principally engaged in the business of retailing of local products since September 2017. The directors of Cocoffee are Mr Tshai Hon Seng and Mr Aw Kar Yong.

2.3.10 Licences, permits and regulatory approval

Shareholders should note that the Target Group's business is subject to various government regulations. In particular, licences, permits or regulatory approval may be required for, among others, the provision of travel and tour agency services by YCT. The Company has obtained advice from legal advisers in Malaysia that up to 70% foreign equity participation by a Singapore company is allowed for a tour operating and travel agency licence with the scope of inbound and ticketing. YCT's current tour operating and travel agency licence is valid until 24 September 2020. YCT is required to seek renewal of such tour operating and travel agency licence upon its expiry. Other licences required by the Target Group Companies include business premise licences and signboard licences."

In summary, the Group, through its indirect wholly-owned subsidiary, Libra Engineering Sdn. Bhd., would be acquiring a 51.0% shareholding interest in the Target, which is an investment holding company. As at the Latest Practicable Date, YC Travel is a wholly owned subsidiary of the Target. YC Travel has four wholly owned subsidiaries, namely Tian Di, KL Premium, FAME and Cocoffee. Together with the Target and YC Travel, these six entities form the Target Group. Upon Completion of the Proposed Acquisition, the financials of the Target Group would be consolidated into the Group's financial statements. Mr Choong Hin Seong and Tuan Haji Anuar Bin Ahmad will continue to hold a 44.0% interest and a 5.0% interest in the Target Group respectively and will be recorded as minority interests in the Group's consolidated financial statements.

5.2 Consolidated financial performance and position of the Target Group

Details on the key financial information of the Target and the Target Group are set out in Section 2.4 of the Circular.

As part of the due diligence exercise undertaken by the Company on the Target Group, the Company had commissioned Moore Stephens Associates PLT ("**MS**") to conduct a financial due diligence review ("**FDD**") on the Target Group and MS had issued FDD reports for all entities of the Target Group.

We understand from Management and from the FDD reports that there were significant internal control lapses in the management of the Target Group and thus, Management, as well as MS, had proposed certain adjustments to the income statement and the balance sheet of the Target Group to account for these lapses ("**Management and FDD Adjustments**") and these adjustments were accepted by Management and put through the income statement and balance sheet of the Target Group.

Further, we noted that the Proposed Acquisition will not include twelve adjoining pieces of leasehold land located in Kuala Lumpur, Malaysia and a five (5) storey terrace light industrial building erected on the land ("**Investment Property**") amounting to MYR30.4 million (or S\$9.8 million) and all loans and borrowings extended to the Target Group by RHB Bank Berhad and CIMB Bank Berhad ("**Investment Property Borrowings**") amounting to MYR21.6 million (or S\$7.0 million) recorded in the books of YC Travel, pursuant to terms of the Proposed Acquisition as detailed in Paragraph 4.6 above.

From our discussions with Management, we understand that the Investment Property is currently derelict and untenanted but has the potential to be re-developed into a hotel. As such, the Company has made adjustments to the consolidated financial statements of the Target Group for the financial period from 1 January 2017 to 31 July 2017 ("**FPE2017**") for expenses relating to the Investment Property as it will not be reflective of future earnings of the Target Group ("**Investment Property Adjustments**").

For comparative purposes, we have also annualised the financial performance of the Target Group over a twelve (12) month period, save for certain operating expenses which arose from certain Management and FDD Adjustments as a result of the internal control weaknesses of the Target Group and these adjustments were passed to clean up the balance sheet of the Target Group in preparation for consolidation with the Group's accounts ("**Normalisation Adjustments**"). These Normalisation Adjustments are one-off, non-recurring and in relation to events which occurred mainly prior to FY2017. Of the entire balance of MYR30.4 million of Normalisation Adjustments, we understand from Management that MYR26.4 million of these Normalisation Adjustments (or 86.8%) occurred in FY2016 and before, while the remaining MYR4.0 million occurred in FY2017.

The Directors are of the view that these Normalisation Adjustments are not reflective of the core financial performance of the Target Group. As such, these Normalisation Adjustments are not annualised. Management has confirmed to us that there is no apparent seasonality factor affecting the business of the Target Group.

The Normalisation Adjustments are detailed as follows:

Normalisation Adjustment	Amount (MYR'000)	Details
Impairment losses on deposits paid	5,502	Miscellaneous deposits which were paid since FY2015 but Target Group was unable to provide supporting documentation to justify deposits, thus entire balance was written off. Going forward, Management has committed to institute tighter internal control procedures to record and trace all deposits paid.
Impairment losses on other receivables	12,576	Other receivables which were outstanding since FY2016, as such, the entire balance was written off. Going forward, Management has committed to institute tighter credit control systems and improve recoverability.
Impairment losses on trade payables	2,511	Advances or deposits made to tour guides, hotel partners and bus drivers but Target Group was unable to provide supporting documents or proper accounting records, thus entire balance was written off. Going forward, Management has committed to institute tighter internal control procedures to record and trace all advances or deposits made to tour guides, hotel partners and bus drivers.
Impairment losses on trade receivables	3,103	Trade receivables which were outstanding since FY2016, as such, the entire balance was written off. Going forward, Management has committed to institute tighter credit control systems and improve recoverability.
Cash losses from under-recognised revenue	868	MS was unable to verify variances between cash sales transactions and the revenues recorded in the Target Group's accounting system, thus the entire balance was written off. Going forward, Management has committed to institute tighter internal control systems and perform weekly reconciliation to ensure no discrepancies between cash sales transactions and the accounting system.
Write off of unreconciled inter-company balances	5,834	MS was unable to reconcile inter-company balances within the Target Group, thus entire balance was written off. Going forward, Management has committed to institute tighter internal control systems and perform monthly reconciliation for all inter-company transactions.
Total	30,395⁽¹⁾	

Note:

(1) Does not add due to rounding.

As part of the SPA, to show his commitment to the Target Group and the Company, the Vendor had agreed to waive the Shareholder's Loan owing to him and this would be used to partially offset the Normalisation Adjustments above.

Taking into consideration all the above, the financial performance of the Target Group for FY2016, FPE2017, the annualised FY2017, as well as the latest available financial position of the Target Group as at 31 July 2017 based on the unaudited management accounts and the FDD reports are set out below:

Financial Performance of the Target Group

Income Statement (MYR'000)	Management Accounts (unaudited)		Adjustments			After Adjustments	Annualised
	FY2016	FPE2017	Management And FDD	Investment Property	Waiver of Shareholder's Loan	FPE2017	FY2017
Revenue	134,157	78,523	882			79,405	136,123
Cost of Sales	(108,811)	(62,258)				(62,258)	(106,728)
Gross Profit	25,346	16,265				17,147	29,395
Other Income	972	318	(46)			272	466
Administrative Expenses	(9,643)	(6,177)	53			(6,124)	(10,498)
Other Operating Expenses	(3,650)	(5,326)	(785)	496		(5,615)	(9,626)
Other Operating Expenses – Normalisation Adjustments	–	–	(30,395)		17,192	(13,203)	(13,203)
Operating Profit / (Loss)	13,025	5,080				(7,523)	(3,466)
Finance Costs	(1,953)	(1,158)	(55)	577		(636)	(1,090)
Profit / (Loss) before tax	11,072	3,922				(8,159)	(4,556)
Tax Expenses	(518)	(125)				(125)	(214)
Profit / (Loss) after tax	10,554	3,797				(8,284)	(4,770)

Source: Management and MS FDD reports

Review of operating results

Annualised FY2017 vs FY2016

Revenue generated by the Target Group had increased slightly by MYR1.9 million (or S\$0.6 million) or 1.4% from MYR134.2 million (or S\$43.3 million) in FY2016 to MYR136.1 million (or S\$43.9 million) in FY2017 due to the increase in sales of FAME and KLPO, which were incorporated on 22 January 2016 and 11 July 2016 respectively.

However, gross profit increased by MYR4.1 million (or S\$1.3 million) or 16.2% from MYR25.3 million (or S\$8.2 million) in FY2016 to MYR29.4 million (or S\$9.5 million) in FY2017 as a large, one-off 40,000 person tour group from the People's Republic of China serviced by the Target Group in FY2016 earns a lower margin than typical tour groups comprising an average of 20 persons.

Other income had decreased by MYR0.7 million (or S\$0.2 million) or 70.0%, from MYR1.0 million (or S\$0.3 million) in FY2016 to MYR0.3 million (or S\$0.1 million) in FY2017 due to the absence of an award from the Malaysian government for servicing the 40,000 person tour group described above, which broke Malaysia's tourist records in 2016.

Administrative expenses increased by MYR0.9 million (or S\$0.3 million) or 8.9% from MYR9.6 million (or S\$3.1 million) in FY2016 to MYR10.5 million (or S\$3.4 million) in FY2017 as due to a significant increase in payroll expenses as employee headcount for the Group increased, offset by the decrease in commission paid due to lower sales.

Other operating expenses had increased significantly by MYR19.1 million (or S\$6.2 million) or 525.5% from MYR3.7 million (or S\$1.2 million) in FY2016 to MYR22.8 million (or S\$7.4 million) in FY2017 due mainly to the Normalisation Adjustments.

As a result of the above, profit for the year decreased by MYR15.4 million (or S\$5.0 million) or 145.2%, from a profit of MYR10.6 million (or S\$1.6 million) in FY2016 to a loss of MYR4.8 million (or S\$1.5 million) for FY2017.

Financial Position of the Target Group

Balance Sheet (MYR'000)	Management accounts	Adjustments			After Adjustments
	As at 31 July 2017	Management and FDD	Investment Property	Waiver of Shareholder's Loans / Repayment of amount owing from Directors	As at 31 July 2017
<u>Non-current assets</u>					
Property, plant and equipment	33,577	(223)	(30,355)		2,999
Total non-current assets	33,577				2,999
<u>Current assets</u>					
Inventories	2,641				2,641
Trade receivables	7,316	(2,130)			5,186
Other receivables, deposits and	45,843	(27,545)			18,298
Amount due from directors	1,521			(1,521)	–
Fixed deposits	1,086				1,086
Cash and bank balances	3,065	93		1,521	4,679
Total current assets	61,472				31,890
Total assets	95,049				34,889
<u>Current liabilities</u>					
Trade payables	5,282	2,510			7,792
Other payables and accruals	21,228	1,014			22,242
Amount owing to directors	17,192			(17,192)	–
Finance lease payable	404	(27)			377
Bank overdraft	714				714
Current tax liabilities	648				648
Total current liabilities	45,468				31,773
<u>Non-current liabilities</u>					
Finance lease payable	1,554	(135)			1,419
Other bank borrowing	23,386		(21,614)		1,772
Deferred tax liabilities	50				50
Total non-current liabilities	24,990				3,241
<u>Equity attributable to owners of the</u>					
Share capital	2,000				2,000
Reserves	22,591	(33,167)	(8,741)	17,192	(2,125)
Total equity	24,591				(125)
Total liabilities and equity	95,049				34,889
Net asset value (MYR)	24,591				(125)
Net asset value (S\$)	7,928				(40)

Source: Management

Review of financial position

The adjusted assets of the Target Group as at 31 July 2017 comprised mainly: (i) other receivables, deposits and prepayments of MYR18.3 million (or S\$5.9 million); (ii) trade receivables of MYR5.2 million (or S\$1.7 million); cash and bank balances of MYR4.7 million (or S\$1.5 million) and (iii) property, plant and equipment of MYR3.0 million (or S\$1.0 million), representing 52.4%, 14.9%, 13.5% and 8.6% of the Target Group's total assets respectively.

Other receivables, deposits and prepayments relate mainly to advances and deposits made by YC Travel to hotels and restaurants. Trade receivables comprise mainly commission receivable from travel agents, and typically have a credit period of 30 days. Property, plant and equipment are initially recorded at cost and subsequent to recognition, are measured at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment comprise mainly motor vehicles with an estimated useful life of five years.

The adjusted liabilities of the Target Group as at 31 July 2017 comprised mainly: (i) other payables and accruals of MYR22.2 million (or S\$7.2 million); and (ii) trade payables of MYR7.8 million (or S\$2.5 million), representing 63.5% and 22.3% of the Target Group's total liabilities respectively.

Other payables and accruals relate mainly to refundable deposits paid for tour package bookings by YC Travel and were mainly due to counterparties of the Target Group with an average credit period of 30 to 90 days. Trade payables comprise mainly hotel accommodation booked by YC Travel for its customers.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or to comment on the Target Group's future profitability, growth prospects, financial positions and working capital sufficiency.

6. EVALUATION OF THE PROPOSED ACQUISITION

In our evaluation of the Proposed Acquisition, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale for the Proposed Acquisition;
- (b) Financial assessment of the Consideration of the Proposed Acquisition;
- (c) Financial assessment of the Issue Price of the Consideration Shares;
- (d) Financial effects of the Proposed Acquisition; and
- (e) Other relevant considerations in relation to the Proposed Acquisition.

6.1 Rationale for the Proposed Acquisition

The rationale for the Proposed Acquisition which has been set out in Section 2.5 of the Circular is reproduced below for your easy reference:

“2.5 Rationale for the Proposed YC Acquisition and benefits to the Company

The Directors are of the view that the Proposed YC Acquisition is in line with the Group's goal to increase Shareholders' value, and is in the best interests of the Group for the following reasons:

- (i) *The Proposed YC Acquisition is in line with the Group's growth strategy to expand the Group's business into the Tourism Business.*

On 5 August 2015, the Company obtained Shareholders' approval to diversify into the Tourism Business. The Proposed YC Acquisition is in line with the Group's strategy to expand into the Tourism Business, and the Company believes that the business of the Target Group has the potential to generate an additional stream of revenue for the Group.

The Company is of the view that the prospects in relation to the tourism and travel services industry are positive, due to, among others, the expected continuation of strong growth figures for international tourism and the proliferation of regional low cost carriers. Therefore, the Company is confident of the prospects of the Target Group in the medium to long term.

The principal businesses of FAME, KLPO, TDG and Cocoffee are also complementary to the Group's leisure and corporate travel and travel related services, and the Company believes that these businesses have the potential to generate further revenue streams for the Group.

- (ii) *The Proposed YC Acquisition will allow the Group to tap into the Target Group's existing customer base and established industry reputation.*

The Target Group's customers include those from China, Indonesia, Europe, India, Singapore, Middle East and the USA, with a majority of its customers being tourists from China, who engage the Target Group primarily for the Target Group's inbound tour and travel-related services in Malaysia. Barring any unforeseen circumstances, the Company believes that subsequent to Completion, it will be able to continue to tap on the Target Group's existing customer base and established industry reputation within the Malaysia tourism market to generate revenue for the Group.

The Group currently has no intention to introduce any major changes to the existing business of the Target Group (including but not limited to any changes to the management team of the Target Group). In particular, subsequent to Completion, Mr Choong Hin Seong will continue to be a director of the Target and the managing director of YCT, and continue to fulfil his responsibilities in the Target Group which include strategic decision making, management and setting of the vision and mission of the Target Group; and Tuan Haji Anuar bin Ahmad will continue to be a director of the Target and the managing director of YCT, and continue to fulfil his responsibilities in the Target Group which include dealing with government related parties, advising on statutory obligations and assisting in decision making. Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad will also continue to hold 880,000 and 100,000 ordinary shares in the share capital of the Target representing 44% and 5% of the entire issued and paid-up share capital of the Target respectively. With their respective shareholding interests in the Target, Mr Choong Hin Seong's and Tuan Haji Anuar bin Ahmad's interests are aligned with the Group to ensure the continued success of the Target Group.

In addition, the Group currently has no intention to re-deploy any of the fixed assets of the Target Group, save for the Investment Property and other than in the ordinary course of business.

However, the Group retains the flexibility at any time to consider any options or opportunities in relation to the Target Group which may present themselves and which the Company may regard to be in the best interests of the Target Group or the Group."

6.2 Financial assessment of the Consideration of the Proposed Acquisition

The Consideration for the Proposed Acquisition is determined to be S\$12.0 million (or MYR37.2 million). As mentioned in Paragraph 4.1 of this Letter, the Consideration was arrived at taking into consideration various commercial factors, such as the value of the Target assessed by the Company through an income-based approach and cost-based approach as well as the terms of the Investment Property Disposal.

In assessing the Consideration, we have considered the following:

- (i) Valuation Report prepared by the Valuer;
- (ii) Normalised and annualised financial performance of the Target Group;
- (iii) Financial assessment of the Consideration *vis-à-vis* comparable companies of the Target Group; and
- (iv) Evaluation of the terms of the Investment Property Disposal.

6.2.1 Valuation Report prepared by the Valuer

In connection with the Proposed Acquisition, the Company had commissioned BDO Advisory Pte. Ltd. to undertake an independent valuation of five entities in the Target Group, namely: (1) YC Travel; (2) KL Premium; (3) Cocoffee; (4) Tian Di; and (5) FAME as at the Valuation Date, being 31 July 2017. The Target is not being valued by the Valuer as it does not have any business operations as it functions as an investment holding company of the operating entities. As such, we have assumed the valuation of the above five entities to approximate the valuation of the Target Group. The Valuation Report is set out in Appendix A to the Circular.

Basis of Valuation

The Valuer had valued the five entities at fair market value, which is defined in the Valuation Report as follows: *“The basis of the valuation will be made reference to the fair value. Fair market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. Fair market value, as defined above, is a concept of value which may or may not be equal to the “purchase/sale” price that could be obtained if the shares were sold to a special purchaser in an actual transaction in the open market. Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following acquisition, or any other synergies which may be enjoyed by the purchaser. Our valuation will not be premised on the existence of a special purchase.”*

In addition, the Valuer’s estimation of the value of the five entities is based on the Target Group’s existing operations and likely future expansion plans, and does not take into account any fundamentally different business that Management may pursue in the foreseeable future.

Valuation approach

The Valuation of the five entities had taken into consideration the values implied by a combination of asset based approach, DCF analysis and comparable companies analysis. The Valuer had also used various approaches to value each of the five entities, based on the characteristics of the various entities, which are elaborated below. In general, the Valuer had adopted the asset-based approach and the income approach – DCF analysis as the primary valuation methodologies, with the market approach – comparable companies analysis as a secondary methodology and cross check to value the various entities of the Target Group.

Further information on these approaches are detailed below:

- (i) *Asset-based approach:* The asset-based approach is applicable when the underlying asset values constitute the prime determinants of corporate worth. The application of the asset-based approach depends on the nature of the company’s operations (such as an investment or real estate holding company) and/or if the outlook for a particular company’s earnings is somewhat uncertain, or returns based on earnings are insufficient to justify the investment in assets. The approach also focuses on individual asset and liability values derived from the company’s balance sheet, which are adjusted to reflect the fair market value. In addition, the approach can also be applied in situations whereby liquidation is imminent.
- (ii) *Income approach:* The income approach is a fundamental valuation methodology broadly used for valuation. It is premised on the principle that the value of a company, division, business or collection of assets can be derived based on the present value of its projected free cash flow. A company’s projected free cash flow is derived from a variety of assumptions and judgements about its expected financial performance, including sales growth rates, profit margins, capital expenditures, and net working capital requirements. The computation of the terminal value assumes a perpetual growth rate, taking into consideration the company’s historical performance and comparable companies’ historical performance. The projected free cash flow and terminal value are then discounted to the present value at the company’s weighted average cost of capital, which is a discount rate that commensurate with its business and financial risks and is derived from comparable companies listed in the market, in which financial information and relevant weighted average cost of capital inputs are easily obtained. The present value of the free cash flow and terminal value are summed to determine an enterprise value, which serves as the basis for DCF analysis. Implied equity value can then be derived from the calculated enterprise value.

- (iii) *Market approach:* The market approach – comparable companies analysis, is used for valuing a given focus company, division, business or collection of assets. It provides a market benchmark against which a valuer can establish the valuation for a company's business at a given point of time. The approach involves determining the value of a company by referencing to available market information, such as trading multiples of comparable publicly listed companies. Once the valuation measures are determined, the comparables are benchmarked alongside the target company for comparisons. An analysis of the trading multiples will then determine an appropriate range for the value of the target company. The valuation is determined by extrapolating the range of values derived by the multiples of closest comparables and then applied to the target company's relevant financial statistics to achieve a range of comparable values.

YC Travel, KL Premium, Cocoffee

In assessing the fair market value of YC Travel, KL Premium and Cocoffee, the Valuer had adopted the asset-based approach as the income approach would not be suitable for YC Travel, KL Premium and Cocoffee as these three entities are essentially loss-making.

For YC Travel, the revenues earned for the seven months financial period from 1 January 2017 and 31 July 2017 are derived mainly from the commissions earned by YC Travel from Tian Di, FAME and KL Premium for the sales generated from the inbound tours handled by YC Travel. Had these inter-group revenues been adjusted out of YC Travel's accounts, YC Travel would have been loss making. For KL Premium, since its incorporation on 11 July 2016, it has been loss making. Lastly, for Cocoffee, it was newly incorporated on 24 July 2017 and had only commenced operations in September 2017. In September 2017, it had generated EBITDA of MYR3,945 which the Valuer has deemed as not being representative of Cocoffee's future financial performance. As such, the Valuer had adopted the asset-based approach for these three entities.

In addition, the market approach is not suitable due to the scarcity of information available on precedent transactions in the recent past, of firms with similar characteristics as YC Travel, KL Premium and Cocoffee.

Tian Di and FAME

In assessing the fair market value of Tian Di and FAME, the Valuer had adopted the income approach as the primary methodology as this approach reflects the future plans and growth of the companies. The approach is less influenced by volatile external factors because it is an inward looking process which relies more heavily on the fundamentals expectations of the business and explicit estimates of the value drivers. The Valuer had considered that the income approach most accurately reflects the future expectations of Tian Di's and FAME.

The asset-based approach would not be relevant as it does not take into account future changes in sales or income and due to the lack of information available on precedent transactions in the recent past of firms with similar characteristics as Tian Di and FAME. The market approach is used as a reference cross-check to ensure reasonableness of the derived valuation results from the income approach.

Valuation of the Target Group

Based on the above, the Valuer has assessed a fair value range of the five entities as below:

Entity	Valuation methodology	Valuation for 100.0% equity interest (MYR'000)	Valuation for 51.0% equity interest (MYR'000)
YC Travel	Asset-based approach	Nil ⁽¹⁾	Nil ⁽¹⁾
KL Premium	Asset-based approach	1,029	525
Cocoffee	Asset-based approach	Nil ⁽²⁾	Nil ⁽²⁾
Tian Di	Income approach, cross checked with market approach – comparable companies analysis	46,173 – 49,526	23,548 – 25,258
FAME	Income approach, cross checked with market approach – comparable companies analysis	53,137 – 60,676	27,100 – 30,945
Total (MYR'000)		100,339 – 111,231	51,173 – 56,728
Total (S\$'000)⁽³⁾		31,812 – 35,265	16,224 – 17,985

Notes:

- (1) After adjustment for the Investment Property Disposal, the fair value of the total liabilities of YC Travel exceeded the fair value of the total assets of YC Travel, which resulted in YC Travel being in a net liability position of MYR10.1 million as at the Valuation Date. As such, the valuation of YC Travel is assumed to be nil.
- (2) The fair value of the total liabilities of Cocoffee have exceeded the fair value of the total assets of Cocoffee, which resulted in Cocoffee being in a net liability position of MYR1,667 as at the Valuation Date. As such, the valuation of Cocoffee is assumed to be nil.
- (3) Based on the exchange rate of S\$1.00 : MYR3.1542 as at 31 July 2017 as extracted from Bloomberg which is used by the Valuer in the Valuation Report.

We note that the Valuer has assessed a fair value range for a 51.0% equity interest in the five entities to be between MYR51.2 million and MYR56.7 million (or S\$16.2 million to S\$18.0 million). Following from the above, as the valuation approximates the valuation of the five entities, the implied Target Group's fair value range is between MYR51.2 million and MYR56.7 million (or S\$16.2 million and S\$18.0 million).

We note that the Consideration to be paid by the Company to the Vendor for his 51.0% shareholding interest in the Target Group is S\$12.0 million. In this regard, we note that the Consideration of S\$12.0 million is at a discount of between 25.9% and 33.3% to the fair value range for a 51.0% equity interest in the Target Group of between S\$16.2 million and S\$18.0 million as determined by the Valuer.

For completeness, had the Earn-out Incentive been achieved, the Consideration and Earn-out Consideration paid would amount to an aggregate of S\$14.0 million. We note that the Consideration and Earn-out Consideration of S\$14.0 million is at a discount of between 13.6% and 22.2% to the fair value range for a 51.0% equity interest in the Target Group of between S\$16.2 million and S\$18.0 million as determined by the Valuer.

From our discussions with Management, and recognising that the Valuation had not effectively accounted for the negative contributions of the Target, YC Travel and KL Premium, in deriving at the purchase consideration, Management had accounted for the negative net asset values of those entities from the valuation by removing the accumulated losses of the Target, YC Travel and KL Premium of approximately MYR9.9 million, MYR4.1 million and MYR2.0 million respectively based on the FDD report from the valuation amounts determined by the Valuer.

Accordingly, Management had obtained an adjusted indicative range of approximately between MYR43.0 million and MYR48.6 million (or S\$13.9 million and S\$15.7 million) for 51.0% of the Sale Shares of the Target.

The Directors and Management have confirmed to us that they have made due and careful enquires with respect to the assumptions and projections underlying the financial forecasts of the five entities prepared by the Valuer to value the five entities.

We recommend the Independent Directors to advise the Independent Shareholders to read the Valuation Report carefully, in particular the terms of reference, key assumptions and critical factors.

6.2.2 Normalised and annualised financial performance of the Target Group

Following on from Paragraph 5.2 above, we note that assuming all the various adjustments are put through, including the Management and FDD Adjustments as well as the Investment Property and Waiver of Shareholder's Loans adjustments, on a worst-case basis, the Target Group would present a net loss of approximately MYR8.3 million (or S\$2.7 million) for FPE2017 and will be in a net liability position of MYR0.1 million (or S\$0.04 million) as at 31 July 2017. On an annualised basis, the Target Group would present a net loss of MYR4.8 million (or S\$1.5 million) for FY2017.

As detailed in Paragraph 4.2 above, we note that the Directors are of the view that the Normalisation Adjustments are one-off, non-recurring, with a majority of these Normalisation Adjustments occurring prior to FY2017, and are not reflective of the core financial performance of the Target Group. The Directors are confident that upon the Completion of the Proposed Acquisition, the Target Group being subsidiaries under the Company, would be subject to its internal control systems and that the material and key weaknesses uncovered during the FDD would be rectified, and moving forward, potential impairments would be managed properly and minimised. In addition, the Directors believe that not all the FDD Adjustments would be put through, and that the ultimate adjusted earnings for FY2017 might be different as presented above, being on a worst-case basis. As such, to evaluate the normalised earnings of the Target Group, we have removed these Normalisation Adjustments from the Target Group's annualised financial performance.

As a result, the normalised and annualised financial performance of the Target Group would be a net profit of MYR8.4 million (or S\$2.7 million). The workings are set out below:

	MYR'000	S\$'000
Annualised loss after tax	(4,770)	(1,538)
Add: Normalisation adjustments	13,203	4,257
Normalised and annualised profit after tax	8,433	2,719

6.2.3 Financial assessment of the Consideration *vis-à-vis* comparable companies of the Target Group

For the purpose of our evaluation of the Proposed Acquisition, we have compared various valuation ratios of the Target Group implied by the Consideration with those of selected public listed companies on the SGX-ST and the Bursa Malaysia (“**KLSE**”) which are broadly comparable to the Target Group and are engaged in, *inter alia*, the provision of travel and travel related services (“**Comparable Companies**”).

We recognise that there is no company listed on the SGX-ST and/or the KLSE which we may consider to be identical to the Target Group in terms of, *inter alia*, market capitalisation, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market / industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Therefore, the comparison made with respect to the Comparable Companies merely serves as an illustrative market valuation of the Target Group as at the Latest Practicable Date.

A brief description of the Comparable Companies listed on the SGX-ST and KLSE is set out as follows:

Comparable Companies	Exchange	Business Activity Description	Financial Year End
Duty Free International Limited ("Duty Free International")	SGX-ST	Duty Free International, an investment holding company, trades in duty free merchandise under the Zon brand in Malaysia. The company wholesales, distributes, and retails duty free and non-durable merchandise, including imported duty free beverages, tobacco products, chocolates and confectionary products, perfumes, cosmetics, and souvenirs. It operates duty-free retail outlets/complexes and trading outlets located at various locations in airports, seaports, ferry terminals, border towns, and tourist destinations. Duty Free International Limited is also involved in the development of resorts; property investment and management activities; cultivation of oil palms; and sale of fresh oil palm fruit bunches. The company was founded in 1978 and is based in Singapore. Duty Free International Limited is a subsidiary of Atlan Holdings Bhd.	28 February 2017
Avillion Berhad ("Avillion")	KLSE	Avillion, an investment holding company, engages in tourism, hotel, and property businesses in Malaysia and internationally. The company offers tours and travel services; vehicle rental and other services; electronic commerce services in relation to reservation services for airline tickets and tour packages through the Internet; and related systems and products development services. It also develops and manages hotels, resorts, and other properties; operates and manages spa and health centres; manages hotel suites and service apartments; markets and manages properties; and provides management and advisory consultancy services in hotel, property, and tourism industries. In addition, the company develops and manages tourism related projects; operates marina club, including berthing facilities; and offers project management services. Further, it is involved in the provision of advertising, media, office, administration, and information technology products and services; and property investment and holding activities. The company was formerly known as Reliance Pacific Berhad and changed its name to Avillion Berhad in September 2017. Avillion Berhad is based in Kuala Lumpur, Malaysia.	30 June 2017

Comparable Companies	Exchange	Business Activity Description	Financial Year End
Warisan TC Holdings Berhad ("Warisan")	KLSE	Warisan TC Holdings Berhad, an investment holding company, engages in the travel and car rental, machinery, automotive, consumer products, and other businesses in Malaysia. The company operates inbound and outbound tours; rents cars and coaches; and provides air-ticketing, as well as auction services. It also distributes, sells, and rents industrial machinery and equipment, including material handling equipment, construction machinery, agricultural tractors, power generating sets, air compressors, off-road dump trucks, and golf and turf equipment, as well as offers after sales services. In addition, the company assembles, distributes, and sells commercial and passenger vehicles, and related spare parts. Further, it distributes and sells cosmetic, hair care, health care, lingerie, and consumer products; manufactures, distributes, and sells undergarments; operates hairdressing salons and beauty parlours; deals in used vehicles auction, and vehicles inspection and certification; and provides migration and management services. Additionally, the company holds properties. Warisan TC Holdings Berhad was incorporated in 1997 and is based in Kuala Lumpur, Malaysia.	31 December 2016
Advance Synergy Berhad ("Advance Synergy")	KLSE	Advance Synergy, an investment holding company, operates in the property development, hotels and resorts, information and communications technology, travel and tours, and other businesses. It is involved in the property investment, development, rental, and management activities; and provision of management, credit and leasing, venture capital, payment card issuing and acquiring, hotel management, limousines hiring, travel and tour agency, money, and traditional Chinese medicine services. The company also engages in the design, building, and fabrication of coaches, as well as provision of bus maintenance and related services; design, building, and fabrication of chassis, as well as provision of chassis certification and testing services; operation and management of hotels and resorts; and manufacture and marketing of builder hardware products. In addition, it is involved in the distribution of information technology and telecommunications products; design and development of telecommunications software applications and systems; provision of research and development, software engineering, system integration, project management, and maintenance and support services for the telecommunications industry; and provision of telecommunications products, technology, and customized solutions to telecommunications operators, service providers, and enterprises, as well as owns and operates the Language House. The company primarily operates in Malaysia, Singapore, Africa, the Middle East, Europe, and Australia. Advance Synergy Berhad was incorporated in 1920 and is based in Shah Alam, Malaysia.	31 December 2016

Comparable Companies	Exchange	Business Activity Description	Financial Year End
Asiatravel.com Holdings Ltd ("Asiatravel")	SGX-ST	Asiatravel, an investment holding company, engages in the sale of tour packages, provision of Internet hotel reservations, and other promotion services. It operates through Hotel Reservation; Hotel Promotion Service; Attraction Tickets, Transportation, and Tour Packages; Air Tickets; Online Wholesale; and Flight Packages segments. The company offers online hotel room booking services through its Website, as well as wholesale hotel reservation services; and promotes hotels' and resorts' products and services on interactive and cable television channels. It is also involved in the arrangement of inbound and outbound sightseeing tours; and provision of accommodation, meals, and transport management services. In addition, the company offers online air tickets through its Website; and online air-tickets, accommodation, and tour packages to travel agencies and customers. It has operations in Singapore, the Philippines, Thailand, Hong Kong, the Middle East, Malaysia, and internationally. Asiatravel.com Holdings Ltd was founded in 1995 and is based in Singapore.	30 September 2016
Sanbumi Holdings Berhad ("Sanbumi")	KLSE	Sanbumi, an investment holding company, engages in the provision of travel and tourism, property development, general trading, and other services in Malaysia. The company operates in two segments, Tourism and Others. The company provides inbound and outbound tours and ticketing, transportation, and hospitality services, as well as trades in souvenirs, pewterware, local cottage industry products, costume jewelry, and other tourism related products. It also trades in industrial supplies, lubricants, and local products; offers warehousing and mobile crane services; and engages in timber log trading, as well as sawmilling and manufacturing downstream timber products. In addition, the company operates as an insurance agent and hotelier, as well as a restaurant; and provides carrier and travel agency services. Sanbumi Holdings Berhad is based in Prai, Malaysia.	31 March 2017

Source : S&P Capital IQ

In our evaluation, we have considered the following widely used valuation measures:

Valuation Ratio	Description
Price-to-earnings ("PE") ratio	<p>PE ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated net profit attributable to shareholders.</p> <p>The PE ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses.</p> <p>The PE ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.</p> <p>As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.</p>
P/NTA	<p>NTA refers to consolidated net tangible assets, which are the total assets of a company less total liabilities, as well as intangible assets, and excludes, where applicable, minority or non-controlling interests.</p> <p>P/NTA refers to the ratio of a company's share price divided by NTA per share.</p> <p>The P/NTA ratio represents an asset-based relative valuation which takes into consideration the NTA backing of a company.</p> <p>The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net tangible assets of the company.</p>
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("EV/EBITDA")	<p>EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents.</p> <p>EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation.</p> <p>The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the PE ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.</p>

PE ratio implied by the Consideration

For our analysis, we have evaluated the implied PE ratio of the Target Group as ascribed by the Consideration based on the Target Group's normalised and annualised profit after tax as described in Paragraph 6.2.2 above, of MYR8.4 million (or S\$2.7 million) for FY2017.

We note that the Consideration of S\$12.0 million values the 100.0% equity value of the Target Group to be S\$23.5 million (or MYR72.9 million).

Accordingly, the PE ratio of the Target Group is **8.7 times**.

For completeness, we have also evaluated the transaction including the Earn-out Incentive. The Consideration and Earn-out Consideration of S\$14.0 million values the 100.0% equity value of the Target Group to be S\$27.5 million (or MYR85.3 million).

In this regard, the PE ratio of the Target Group would be **10.2 times**.

P/NTA implied by the Consideration

For the purposes of evaluating the P/NTA implied by the Consideration, we have relied on the adjusted net tangible liabilities of the Target Group as detailed in Paragraph 5.2 above. We note that the NTA of the Target Group excludes the Investment Property as pursuant to the terms of the SPA, the Company is acquiring the Target Group without the Investment Property.

The net tangible liability ("NTL") of the Target Group is approximately negative MYR0.1 million (or S\$0.04 million). Accordingly, the analysis of the P/NTA ratio of the Target Group is **not meaningful**.

EV/EBITDA implied by the Consideration

In respect of the Target Group, the EV/EBITDA ratio is calculated based on its normalised and annualised EBITDA amounting to MYR10.5 million (or S\$3.4 million) after taking into account, *inter alia*, the Normalisation Adjustments as described in Paragraph 6.2.2 above.

We note that the Consideration of S\$12.0 million values the 100.0% equity value of the Target Group to be S\$23.5 million (or MYR72.9 million).

The Target Group's EV of MYR70.7 million (or S\$22.8 million) is calculated as follows: implied valuation of MYR72.9 million less fixed deposits and cash and bank balances of MYR4.7 million (or S\$1.5 million) and including the total debt of MYR2.5 million (or S\$0.8 million) as at 31 July 2017.

Accordingly, the EV/EBITDA of the Target Group based on the Consideration, values the Target Group at a EV/EBITDA ratio of **6.7 times**.

For completeness, we have also evaluated the transaction including the Earn-out Incentive. The Consideration and Earn-out Consideration of S\$14.0 million values the 100.0% equity value of the Target Group to be S\$27.5 million (or MYR85.3 million) and correspondingly, the EV would be MYR83.1 million (or S\$26.8 million).

In this regard, the EV/EBITDA ratio of the Target Group is **7.9 times**.

Comparable Companies

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

Comparable Companies	Market Capitalisation (\$'million)	PE ⁽¹⁾ (times)	P/NTA ⁽²⁾ (times)	EV/EBITDA ⁽³⁾ (times)
Duty Free International ⁽⁴⁾	328.9	13.5	1.9	7.0
Avillion ⁽⁵⁾	94.1	n.m. ⁽⁹⁾	1.1	n.m. ⁽⁹⁾
Warisan ⁽⁶⁾	42.0	n.m. ⁽⁹⁾	0.4	5.7
Advance Synergy ⁽⁷⁾	32.8	25.5	0.3	3.9
Asiatravel	23.8	n.m. ⁽⁹⁾	1.5	n.m. ⁽⁹⁾
Sanbumi ⁽⁸⁾	15.3	n.m. ⁽⁹⁾	0.6	n.m. ⁽⁹⁾
Max		25.5	1.9	7.0
Min		13.5	0.3	3.9
Mean		19.5	1.0	5.5
Median		19.5	0.8	5.7
Target Group		8.7	n.m.	6.7
(with the Earn-out Incentive)		10.2	n.m.	7.9

Source: S&P Capital IQ, annual reports and announcements of the Comparable Companies and RHTC calculations

Notes:

- (1) PE ratio is calculated based on the earnings as extracted from the latest audited full year financial statements of the respective Comparable Companies.
- (2) P/NTA ratio is calculated based on the NTA as extracted from the latest audited full year financial statements of the respective Comparable Companies.
- (3) EV/EBITDA ratio is calculated based on the latest audited full year financial statements of the respective Comparable Companies.
- (4) Duty Free International is listed on the SGX-ST and its functional currency is reported in MYR. As such the exchange rate used is MYR1.00 : S\$0.3224 as set out in the Announcement.
- (5) Avillion is listed on the KLSE and its functional currency is reported in MYR. As such the exchange rate used is MYR1.00 : S\$0.3224 as set out in the Announcement.
- (6) Warisan is listed on the KLSE and its functional currency is reported in MYR. As such the exchange rate used is MYR1.00 : S\$0.3224 as set out in the Announcement.
- (7) Advance Synergy is listed on the KLSE and its functional currency is reported in MYR. As such the exchange rate used is MYR1.00 : S\$0.3224 as set out in the Announcement.
- (8) Sanbumi is listed on the KLSE and its functional currency is reported in MYR. As such the exchange rate used is MYR1.00 : S\$0.3224 as set out in the Announcement.
- (9) n.m. denotes not meaningful as the Comparable Companies is loss-making or has a negative EBITDA.

Based on the above, we observe that:

- (a) The PE ratio of the Target Group of 8.7 times is below the range of the PE ratios of the Comparable Companies. Had the Earn-out Incentive been achieved, the PE ratio of the Target Group of 10.2 times will be below the range of the PE ratios of the Comparable Companies;
- (b) The P/NTA ratio of the Target Group is not meaningful to compare against the P/NTA ratios of the Comparable Companies as the Target Group is in an NTL position;

- (c) The EV/EBITDA ratio of the Target Group of 6.7 times is within the range of the EV/EBITDA ratios of the Comparable Companies and higher than the mean and median EV/EBITDA ratios of the Comparable Companies of 5.5 times and 5.7 times respectively. Had the Earn-out Incentive been achieved, the EV/EBITDA ratio of the Target Group of 7.9 times will be above the range of the EV/EBITDA ratios of the Comparable Companies.

6.2.4 Evaluation of the Investment Property Disposal

As discussed in Paragraphs 4.6 and 5.2 of this Letter, the Company, would be, through the Proposed Acquisition and pursuant to the SPA, acquiring the Target Group without the Investment Property and the Investment Property Loans, as well as all other liabilities such as taxes, costs and expenses that may arise from the Investment Property Disposal.

We note that the Valuer had also excluded the Investment Property and the Investment Property Loans from its evaluation of the fair value of the Target Group.

We understand from Management the purpose of acquiring the Target Group without the Investment Property is for the Group to acquire a profitable and asset light business, without the burden of acquiring the real estate assets of the Target Group, which would require additional consideration.

We further understand from Management that the Investment Property is currently derelict and untenanted, and to fully maximise the value of the Investment Property, it would have to be re-developed, which would require additional capital outlay. Thus, the Company had structured the transaction to specifically exclude the Investment Property. We do note that the Company had utilised a similar structure and arrangement in the past during its acquisition of Cyber in FY2015, whereby the property assets held by Cyber were also excluded from the purchase.

The SPA also includes a post-completion covenant whereby the Company, the Target Group and the YC Shareholders (including the Vendor) had agreed to dispose the Investment Property within twelve months. The proceeds generated would be used to discharge the Investment Property Loans, pay all relevant taxes and costs in relation to the Investment Property Disposal. Any surplus amount arising from the above would be used to distribute to the YC Shareholders.

In the event the proceeds are not sufficient to discharge the Investment Property Loans, pay the taxes and expenses, the YC Shareholders had undertaken to reimburse the Company.

In this respect, the Directors and Management have confirmed to us that the Company will not profit and conversely not bear any liability from the Investment Property Disposal. We note that in the event of a shortfall and the YC Shareholders are called upon to reimburse the Company, the Directors have also satisfied themselves that the YC Shareholders will be able to fulfil their obligations when due with respect to the reimbursement.

We further note that based on the Target Group's FDD reports for the FPE2017, the net book value of the Investment Property amounts to MYR30.4 million (recorded at cost and depreciated on a straight line basis over 50 years, while the Investment Property Loans amount to MYR21.6 million. As such, there is a buffer amounting to MYR8.8 million that the YC Shareholders can sell lower than the net book value of the Investment Property before the YC Shareholders have to fulfil their obligations to reimburse the Company.

Lastly, we note that each of the YC Shareholders have provided a covenant and undertaking to the Group that, subsequent to Completion, they will continue to make all repayments for all loans and borrowings related to the Investment Property on or before the date on which such repayments fall due, including but not limited to the Investment Property Loans. This would absolve the Group from having the responsibility to service the mortgage loans and there would not be any cash flow or financial impact to the Group in relation to the Investment Property.

6.3 Financial assessment of the Issue Price of the Consideration Shares

The Consideration is to be satisfied by the issuance and allotment of 93,750,000 Consideration Shares to the Vendor at the Issue Price of S\$0.128 per Consideration Share upon Completion.

We further note that the Issue Price of S\$0.128 is equivalent to the last transacted price prior to the trading halt on the Announcement Date and prior to the signing of the SPA.

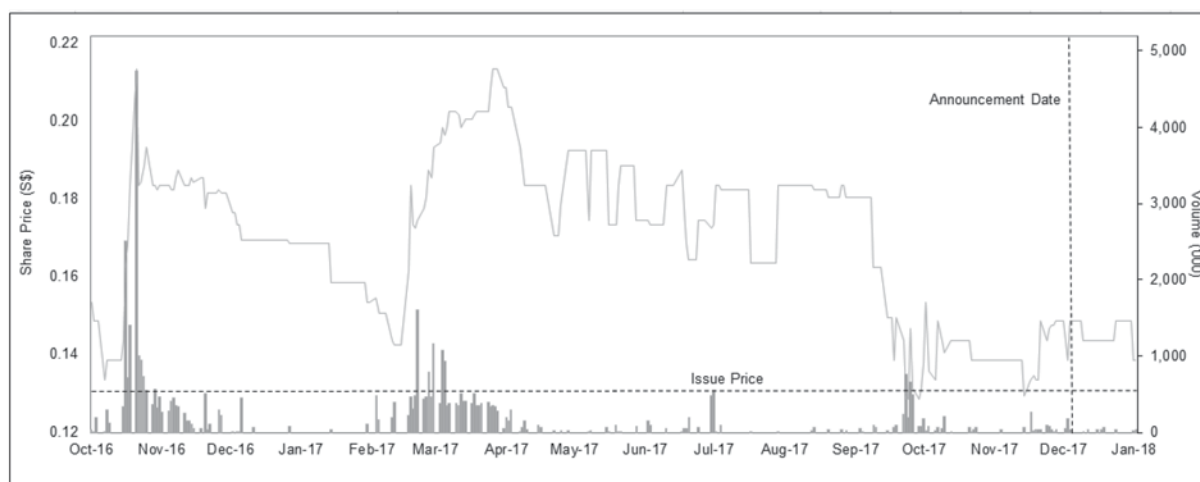
In assessing the Issue Price, we have considered the following:

- (i) Market quotation and trading activity of the Company; and
- (ii) Shares trading pattern as compared to the historical NTA per Share of the Group.

6.3.1 Market quotation and trading activity of the Company

We set out below a historical chart on the prices and trading volume of the Shares for the period commencing from 11 October 2016 (being 1 year prior to the Announcement Date) and ending on the Latest Practicable Date ("**Period Under Review**").

Price and traded volume of the Shares for the Period Under Review



Sources: S&P Capital IQ and the Company's announcements

We note that the Share price had increased on 31 October 2016 from S\$0.180 to S\$0.210, and trading volume was at a high of approximately 4.72 million as compared to the usual trading volume of the Company under 1.0 million, prompting a query from the SGX-ST. The Company had responded to the query on the same day, disclosing that it was in the midst of finalising the proposed appointment of a new executive chairman to the Board.

We further note that on 4 November 2016, the Company announced that Thong Soon Seng had acquired 7,446,900 Shares as at 3 November 2016 via market transactions, and became a substantial shareholder of the Company with approximately 6.34% shareholding interest in the Company as at 3 November 2016. From 31 October 2016 to 3 November 2016, the total volume of Shares transacted was approximately 7.38 million. As such, it was likely that the increase in Share price and trading volume of the Shares during such period was due to the purchase of Shares by Thong Soon Seng.

Following the high of the Share price of S\$0.210 as at 31 October 2016, the Share price of the Company subsequently declined and eventually reached a low of S\$0.139 on 24 February 2017. During this period of time, we note that the Company had announced the termination of the option agreement to acquire Neptune Aviation Ltd, negative profit guidance for its FY2016 financial results and the termination of the proposed appointment of a new Executive Chairman.

On 27 February 2017, the Share price of the Company increased and climbed to a high of S\$0.220 on 7 April 2017. We note that on 21 March 2017, the Company had announced that it had secured new contracts for its ACMV manufacturing and building and construction solutions business segments.

However, the Share price of the Company was on a decreasing trend from a high of S\$0.220 on 7 April 2017 up to the Announcement Date. We note that the Shares were traded on 55 out of 127 Market Days for the period from 7 April 2017 to the Announcement Date.

On 10 October 2017, the Announcement Date, the Company had called for a trading halt at 3.41 p.m. pending release of the announcement on the Proposed Acquisition. The closing Share price of the Company on the Announcement Date prior to the trading halt was S\$0.128, which is the Issue Price for the Proposed Acquisition.

We note that following the release of the Announcement, the Share price had increased above the Issue Price. From the Announcement Date to the Latest Practicable Date, the Shares have been trading above the Issue Price.

Market statistics

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

Reference period	VWAP ⁽¹⁾	Premium / (discount) of the Issue Price over / (to) VWAP	Lowest transacted price	Highest transacted price	Average daily trading volume ⁽²⁾	Average daily trading volume as a percentage of free float ⁽³⁾
	(S\$)	(%)	(S\$)	(S\$)	('000)	(%)
Prior to the Announcement						
1 month	0.133	(3.8)	0.125	0.177	205	0.4
3 month	0.142	(9.9)	0.125	0.180	156	0.3
6 month	0.157	(18.5)	0.125	0.210	118	0.2
1 year	0.178	(28.1)	0.125	0.220	324	0.7
10 October 2017, being the Announcement Date	0.126	1.6	0.125	0.130	73	0.2
After the Announcement and up to the Latest Practicable Date						
After the Announcement and up to the Latest Practicable Date	0.134	(4.5)	0.125	0.150	59	0.1
12 January 2018, being the last market day the Shares were last traded as at the Latest Practicable Date	0.135	(5.2)	0.135	0.135	30	0.1

Source: ShareInvestor.com

Notes:

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Shareinvestor.com.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, and substantial Shareholders of the Company and amounts to approximately 48.5 million Shares, representing approximately 41.3% of the issued Shares as disclosed in the Company's annual report for FY2016.

Based on the above, we observe that:

- (a) the Issue Price of S\$0.128 is the last transacted price of the Shares prior to the release of the Announcement on 10 October 2017 and represents a premium of 1.6% over the VWAP of the Shares of S\$0.126 on 10 October 2017;
- (b) the Issue Price represents a discount of 3.8%, 9.9%, 18.5% and 28.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;
- (c) the Issue Price represents a discount of 4.5% to the VWAP of the Shares for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;
- (d) as at the Latest Practicable Date, the Issue Price represents a discount of 5.2% to the last traded price of the Shares of S\$0.135;
- (e) during the period from 11 October 2016 up to the Announcement Date, the Shares were traded on 132 market days or 52.4% of the Total Market Days. The total number of Shares traded during this period was approximately 42.8 million Shares with an average daily trading volume of 0.32 million Shares, representing 0.7% of the free float; and
- (f) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 35 market days or 53.8% of the Total Market Days. The total number of Shares traded during this period was approximately 2.1 million Shares with an average daily trading volume of 0.06 million Shares, representing 0.1% of the free float.

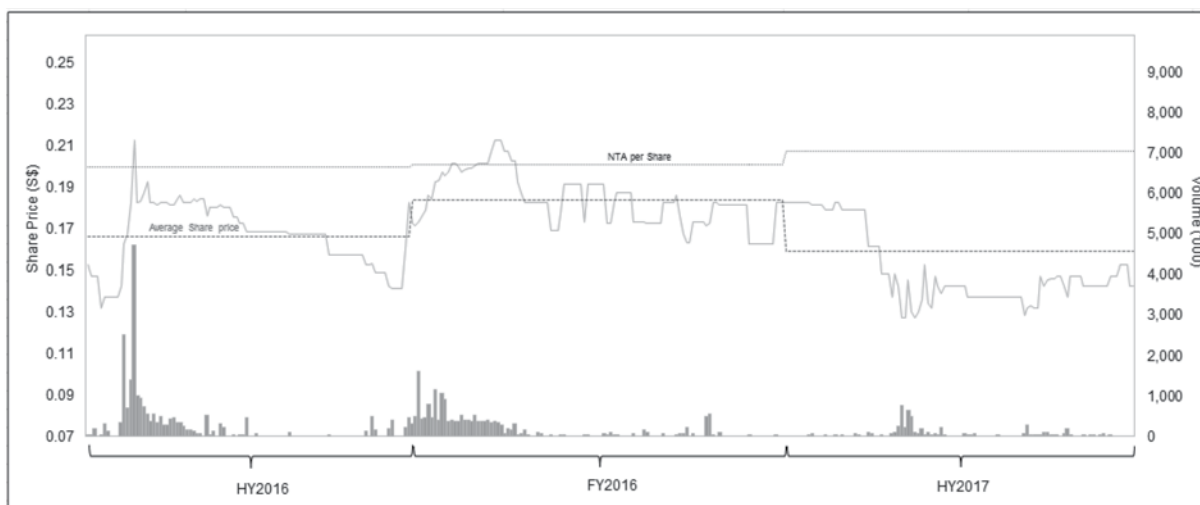
Independent Directors should note that the market price performance of the Shares may be due to various market factors, the individual factors of which may not be easily isolated and identified with certainty. As such, Independent Directors should note that the past trading performance of the Shares should not be relied upon as a promise of its future trading performance.

6.3.2 Shares trading pattern as compared to the historical NTA per Share of the Group

Based on the unaudited financial statements for the half year ended 30 June 2017, and based on the number of outstanding shares in the Company as at the Latest Practicable Date, the NTA per Share is S\$0.205. For illustrative purposes only, we note that the Issue Price represents a discount of approximately 37.6% to the Group's NTA per Share.

We have assessed the reported historical NTA per Share based on the financial results announcements of the Group, for the Period Under Review and we set out below a chart showing the NTA per Share relative to the average Share prices for the relevant periods (based on latest publicly available information for the relevant periods):

Historical NTA per Share of the Group vs. the Average Share price of the Group



Sources: S&P Capital IQ and the Company's announcements relating to the financial results of the Group for the relevant periods

However, we note that for the Period Under Review (one year period prior to the Announcement Date), the Shares have been trading at a discount to the NTA per Share of the Group.

We observe the following regarding the Share price performance of the Company for the Period Under Review:

- (a) the Shares have always been trading at a discount to the NTA per Share, save for 15 days on 31 October 2016, 17 to 20 March 2017 and 29 March 2017 to 13 April 2017, where the Shares traded above the NTA per Share;
- (b) the average Share price over the relevant periods has always traded at a discount to the NTA per Share throughout the Period Under Review.

6.4 Financial effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition are set out in Section 2.10 and 2.11 of the Circular. We recommend the Independent Directors to advise the Shareholders to read Section 2.10 and 2.11 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the Completion of the Proposed Acquisition. We set out below the summary of the financial effects of the Proposed Acquisition:

- (i) Share capital – the number of issued Shares and the issued share capital of the Company will increase from 119,542,198 Shares to 213,292,198 Shares following Completion, due to the issuance of the 93,750,000 Consideration Shares. Assuming that the Earn-out Incentive is achieved and the 15,625,000 Earn-out Incentive Shares issued, the issued share capital of the Company will further increase to 228,917,198 Shares;

- (ii) Earnings per Share – the results of the Group will improve from S\$1.8 million to S\$3.5 million for FY2016, arising from the positive contributions to the Group's earnings by the Target Group, as the Target Group's results would be consolidated into Group's results by virtue of it being a subsidiary. However, the Proposed Acquisition would have a dilutive effect on the earnings per Share as the weighted average number of Shares has increased from 117,499,000 to 211,249,000 due to the enlarged number of Shares and going forward, the Group would have to recognise a significant minority interest, as 49.0% of the Target Group would be owned by the other YC Shareholders other than the Vendor. Nonetheless, Earnings per Share will increase from 1.54 cents per Share to 1.68 cents per Share. However, assuming that the Earn-out Incentive is achieved and the Earn-out Incentive Shares issued, the weighted average number of Shares will increase to 226,874,000 and consequently, the Earnings per Share of the Group will be lower at 1.56 cents per Share; and
- (iii) NTA per Share – the NTA of the Group will increase from S\$23.4 million to S\$24.6 million due to the inclusion of the proportionate NTA of the Target Group following the Completion. However, the NTA per share of the Group will be diluted as the 93,750,000 Consideration Shares are issued at S\$0.128 per Share, which is a discount to the prevailing NTA per Share of the Group of approximately S\$0.200. Accordingly, NTA per Share of the Group will decrease from approximately S\$0.200 to S\$0.116 following the Completion. Assuming that the Earn-out Incentive is achieved and a further 15,625,000 Earn-out Incentive Shares issued, the issued share capital of the Company will further increase to 226,874,000 Shares and consequently result in a further dilution of NTA per Share of the Group to S\$0.108 per Share.

We wish to highlight to Independent Shareholders that the financial effects presented in Section 2.10 and 2.11 of the Circular are based on the financial information of the Group and the Target Group for FY2016, and these financial information have not taken into account the Management and FDD Adjustments in FPE2017 proposed by Management and MS for the purposes of the Proposed Acquisition for FPE2017. The financial effects taking into account the Management and FDD Adjustments as well as the results for FPE2017 may be materially different from the financial effects presented in Section 2.10 of the Circular.

6.5 Other relevant considerations in relation to the Proposed Acquisition

6.5.1 Unaudited HY2017 results announcement

We wish to highlight the following commentary on the Group's business environment made by the Company in its announcement of the financial results for HY2017:

"The business environment remains challenging amid economic uncertainties in the next 12 months with continuous pressures on contract value and stiff competition for new project to be secured. The Group will continue to focus on cost control in managing the completion of existing projects. As such, the Group will continue to pursue investment opportunities beyond Singapore as and when they arise."

6.5.2 Diversification of the Group's business into the tourism business

In anticipation of the weakening business environment in the M&E business, the ACMV manufacturing business and the building and construction solutions business, the Group had, in FY2015, sought Shareholders' approval to, *inter alia*, to diversify into other businesses, such as property, trading, hospitality and tourism in a bid to yield additional sources of revenues for the Group.

We noted that in the circular to Shareholders' on the proposed diversification exercises, the Group had highlighted the Vendor's investment into YC Travel as follows: *"Mr Chu Sau Ben has experience in the Tourism Business through his investment in YC Travel and Tours Sdn Bhd ("YC Travel") since 2008. Currently, YC Travel has 15 staff and a fleet of 5 vehicles to service its customers and run daily operations. YC Travel is one of Malaysia's leading travel and tour operator that provides a wide array of travel services including inbound and outbound tour packages, customized and private touring experiences, educational programs and niche holiday programs targeted towards the Muslim market segment."*

We further noted from the results of the extraordinary general meeting convened for, *inter alia*, the proposed diversification on 5 August 2015, the resolution to approve the proposed diversification of the business of the Group into the tourism business was unanimously passed by Shareholders at the meeting.

6.5.3 Future prospects of the Target Group

The Target Group is involved in the businesses of providing travel and tour agency services and the retailing of products catering to tourists. Its business is dependent on the number of inbound tourists to Malaysia, and general economic factors affecting the purchasing power of tourists on purchasing its retail products.

Based on the Valuation Report, we note that the contribution of the travel and tourism sector to Malaysia's GDP has increased year on year, with 13.7% contribution in 2016. The total contribution of the travel and tourism services is forecasted to increase by 4.2% in 2017 and a further 5.4% per annum. In 2027, it is estimated that 15.9% of Malaysia's GDP will be contributed by the travel and tourism sector. In light of the growth opportunities presented by the travel and tourism services in Malaysia, it is envisaged that the Proposed Acquisition will allow the Company to be well positioned in capitalising on the opportunities in the growing travel and tourism sector in Malaysia.

Further, the tourist arrivals to Malaysia are expected to increase to 36.0 million by 2020, from 26.8 million tourists in 2016. It is also noted that in 2016, China is the third largest tourist generating market for Malaysia, accounting for 8.0% of the tourist arrivals to Malaysia in 2016. This figure is expected to substantially increase in the coming years, as rising income levels in China have increased the purchasing power of Chinese tourists and increased their demand for travel and tourism related services.

In addition, Malaysia has streamlined the visa policy for Chinese tourists, introduced more direct flights from second and third-tier cities in China, as well as increased its offering of attractive family entertainment holiday packages. In light of the positive micro- and macro-economic factors, the Target Group is expected to enjoy higher revenue from the increase in the number of inbound tourists to Malaysia in the coming years.

We note that the valuation of the Target Group based on the Valuation Report had relied mainly on the income approach, which is dependent on the growth prospects of the Target Group. The positive growth expected for the travel and tourism sector in Malaysia, in particularly the expected increasing contribution by Chinese tourists to the travel and tourism sector in Malaysia, supports the assumption of the growth of the Target Group's business in the coming years.

6.5.4 Management continuity of the Target Group and show of support from the Vendor

We note that the Vendor is presently a director of the Target and is the Executive Chairman of YC Travel, the main operating entity of the Target Group. He has been responsible for the overall management, strategic planning and business development of the Target Group. Upon Completion of the Proposed Acquisition, he will continue to fulfil his responsibilities in the Target Group. Pursuant to the Proposed Acquisition, we note that the Vendor will not be receiving any cash consideration and his entire stake in the Target Group is swapped for shares in the Company. Post Completion, the Vendor's shareholding interest in the Group would increase from 50.0% to 72.4% and thus there would be a greater alignment of interests between the Vendor and Shareholders of the Group going forward.

Further, in a show of support to the Target Group's business, the Vendor would be waiving the entire outstanding Shareholder's Loan owing to him of MYR17.2 million (or S\$5.5 million). In addition, he has committed that he would not be selling any of his Consideration Shares in the Company until the business day falling three (3) months from the date of the audited consolidated financial statements of the Target Group for FY2018.

We also note Mr Choong Hin Seong, a tourism veteran with over 20 years of experience in the tourism industry and involvement in the Target Group. He is presently a director of the Target and managing director of YC Travel and has been responsible for the strategic decision making, management and setting of the vision and mission of the Target Group. Upon Completion of the Proposed Acquisition, he will continue to fulfil his responsibilities in the Target Group. While Mr Choong Hin Seong is not a director or shareholder of the Group, he remains a substantial shareholder of the Target Group with a 44.0% shareholding interest in the Target Group and it is in his best interests to ensure that the Target Group continues to perform and remain profitable.

Likewise for Tuan Haji Anuar bin Ahmad, who is presently a director of the Target and managing director of YC Travel and has been responsible for dealing with government related parties, advising on statutory obligations and assisting in decision making. Upon Completion of the Proposed Acquisition, he will also continue to fulfil his responsibilities in the Target Group. With a 5.0% shareholding interest in the Target Group, Tuan Haji Anuar bin Ahmad's interests is also aligned with the Group to ensure the continued success of the Target Group.

In addition, as a show of support for the Proposed Acquisition, Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad will be repaying all monies owing by them to the Target Group before Completion.

Lastly, we wish to highlight, as disclosed in Section 2.5 of the Circular: *"The Group currently has no intention to introduce any major changes to the existing business of the Target Group (including but not limited to any changes to the management team of the Target Group). In particular, subsequent to Completion, Mr Choong Hin Seong will continue to be a director of the Target and the managing director of YCT, and continue to fulfil his responsibilities in the Target Group which include strategic decision making, management and setting of the vision and mission of the Target Group; and Tuan Haji Anuar bin Ahmad will continue to be a director of the Target and the managing director of YCT, and continue to fulfil his responsibilities in the Target Group which include dealing with government related parties, advising on statutory obligations and assisting in decision making. Mr Choong Hin Seong and Tuan Haji Anuar bin Ahmad will also continue to hold 880,000 and 100,000 ordinary shares in the share capital of the Target representing 44% and 5% of the entire issued and paid-up share capital of the Target respectively. With their respective shareholding interests in the Target, Mr Choong Hin Seong's and Tuan Haji Anuar bin Ahmad's interests are aligned with the Group to ensure the continued success of the Target Group."*

In addition, the Group currently has no intention to re-deploy any of the fixed assets of the Target Group, save for the Investment Property and other than in the ordinary course of business.

However, the Group retains the flexibility at any time to consider any options or opportunities in relation to the Target Group which may present themselves and which the Company may regard to be in the best interests of the Target Group or the Group.”

7. OUR OPINION

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

- (a) the rationale for the Proposed Acquisition;
- (b) financial assessment of the Consideration of the Proposed Acquisition:
 - (i) Valuation Report prepared by the Valuer: the Consideration of S\$12.0 million is at a discount of between 25.9% and 33.3% to the fair value range of 51.0% equity interest in the Target Group to be approximately MYR51.2 million to MYR56.7 million (or S\$16.2 million to S\$18.0 million);
 - (ii) the normalised and annualised financial performance of the Target Group of MYR8.4 million (or S\$2.7 million);
 - (iii) Financial assessment of the Consideration *vis-à-vis* comparable companies of the Target Group:
 - (1) The PE ratio of the Target Group of 8.7 times is below the range of the PE ratios of the Comparable Companies. Had the Earn-out Incentive been achieved, the PE ratio of the Target Group of 10.2 times will be below the range of the PE ratios of the Comparable Companies;
 - (2) The P/NTA ratio of the Target Group is not meaningful to compare against the P/NTA ratios of the Comparable Companies as the Target Group is in an NTL position;
 - (3) The EV/EBITDA ratio of the Target Group of 6.7 times is within the range of the EV/EBITDA ratios of the Comparable Companies and higher than the mean and median EV/EBITDA ratios of the Comparable Companies of 5.5 times and 5.7 times respectively. Had the Earn-out Incentive been achieved, the EV/EBITDA ratio of the Target Group of 7.9 times will be above the range of the EV/EBITDA ratios of the Comparable Companies; and
 - (iv) Evaluation of the terms of the Investment Property Disposal: the Directors and Management have confirmed that the Company will not profit and conversely not bear any liability from the Investment Property Disposal. In the event of a shortfall and the YC Shareholders are called upon to reimburse the Company, the Directors have also satisfied themselves that the YC Shareholders will be able to fulfil their obligations when due with respect to the reimbursement;

- (c) financial assessment of the Issue Price of the Consideration Shares:
- (i) market quotation and trading activity of the Company:
- (1) the Issue Price of S\$0.128 is the last transacted price of the Shares prior to the release of the Announcement on 10 October 2017 and represents a premium of 1.6% over the VWAP of the Shares of S\$0.126 on 10 October 2017;
 - (2) the Issue Price represents a discount of 3.8%, 9.9%, 18.5% and 28.1% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the Announcement Date respectively;
 - (3) the Issue Price represents a discount of 4.5% to the VWAP of the Shares for the period between the market day immediately after the Announcement Date and up to the Latest Practicable Date;
 - (4) as at the Latest Practicable Date, the Issue Price represents a discount of 5.2% to the last traded price of the Shares of S\$0.135;
 - (5) during the period from 11 October 2016 up to the Announcement Date, the Shares were traded on 132 market days or 52.4% of the Total Market Days. The total number of Shares traded during this period was approximately 42.8 million Shares with an average daily trading volume of 0.32 million Shares, representing 0.7% of the free float; and
 - (6) during the period after the Announcement Date and up to the Latest Practicable Date, the Shares were traded on 35 market days or 53.8% of the Total Market Days. The total number of Shares traded during this period was approximately 2.1 million Shares with an average daily trading volume of 0.06 million Shares, representing 0.1% of the free float,
- (ii) shares trading pattern as compared to the historical NTA per Share of the Group:
- (1) the Issue Price represents a discount of approximately 37.6% to the Group's NTA per Share of S\$0.205 as at 30 June 2017;
 - (2) the Shares have always been trading at a discount to the NTA per Share throughout the Period Under Review, save for 15 days where the Shares traded above the NTA per Share; and
 - (3) the average Share price over the relevant periods has always traded at a discount to the NTA per Share throughout the Period Under Review,
- (d) the financial effects of the Proposed Acquisition; and
- (e) other relevant considerations as set out in Paragraph 6.5 of this Letter, namely: the unaudited HY2017 results announcement; diversification of the Group's business into the tourism business; future prospects of the Target Group; and management continuity of the Target Group and the show of support from the Vendor.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition as an Interested Person Transaction is on normal commercial terms and not prejudicial to the interests of the Company and the Independent Shareholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA, and we do not warrant the merits of the Proposed Acquisition. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on the Target Group.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Acquisition. The recommendation made by them to the Independent Shareholders in relation to the Proposed Acquisition shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC 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
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Mah How Soon
Managing Director

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NOTICE OF EXTRAORDINARY GENERAL MEETING

LIBRA GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 201022364R)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of Libra Group Limited (the “**Company**”) will be held at Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on 5 February 2018 at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolutions:

ORDINARY RESOLUTION 1: THE PROPOSED YC ACQUISITION

That contingent upon the passing of Ordinary Resolution 2:

- (i) the proposed acquisition of 1,020,000 ordinary shares in the share capital of YC Capital Consolidated Sdn. Bhd., representing 51% of the issued and paid-up share capital of YC Capital Consolidated Sdn. Bhd. from Mr Chu Sau Ben in accordance with the terms and conditions of the conditional sale and purchase agreement dated 10 October 2017 as amended by the supplemental agreement dated 10 January 2018 (the “**Proposed YC Acquisition**”) as an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules be and is hereby approved; and
- (ii) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such documents as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution 1.

ORDINARY RESOLUTION 2: THE PROPOSED ISSUE AND ALLOTMENT OF 93,750,000 CONSIDERATION SHARES AT AN ISSUE PRICE OF S\$0.128 PER CONSIDERATION SHARE AND THE PROPOSED ISSUE AND ALLOTMENT OF UP TO 15,625,000 EARN-OUT INCENTIVE SHARES AT AN ISSUE PRICE OF S\$0.128 PER EARN-OUT INCENTIVE SHARE

That contingent upon the passing of Ordinary Resolution 1:

- (i) authority be and is hereby given to the Directors and/or any of them to issue and allot 93,750,000 ordinary shares in the share capital of the Company at an issue price of S\$0.128 per ordinary share (the “**Consideration Shares**”) to Mr Chu Sau Ben, credited as fully paid-up, in satisfaction of the consideration for the Proposed YC Acquisition which when allotted and issued will rank *pari passu* in all respects with the then existing ordinary shares in the share capital of the Company, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of the allotment and issuance of the Consideration Shares;
- (ii) authority be and is hereby given to the Directors and/or any of them to issue and allot up to 15,625,000 ordinary shares in the share capital of the Company at an issue price of S\$0.128 per ordinary share (the “**Earn-out Incentive Shares**”) to Mr Chu Sau Ben, credited as fully paid-up, in satisfaction of the earn-out incentive for the Proposed YC Acquisition which when allotted and issued will rank *pari passu* in all respects with the then existing ordinary shares in the share capital of the Company, save for any rights, benefits, dividends and entitlements, the record date for which falls before the date of the allotment and issuance of the Earn-out Incentive Shares; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such documents as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution 2.

Notes to the Ordinary Resolutions

- [1] The passing of Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional upon the passing of the other. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not passed at the EGM, both Ordinary Resolution 1 and Ordinary Resolution 2 will not be passed.
- [2] Pursuant to Rule 804, Rule 812(2) and Rule 919 of the Catalist Rules, Mr Chu Sau Ben shall abstain, and will procure that his associates abstain, from voting on Ordinary Resolution 1 and Ordinary Resolution 2.

In addition, Mr Chu Sau Ben shall refrain, and procure that his associates refrain, from accepting nominations as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 1 and Ordinary Resolution 2 unless Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for Ordinary Resolution 1 and Ordinary Resolution 2.

By Order of the Board

Tan Wei Jie, Joel and Damian Ng
Joint Company Secretaries

19 January 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1.
 - (a) A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
 - (b) A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's Proxy Form 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 Proxy Form.
 - (c) "Relevant Intermediary" shall have the same meaning ascribed to it in Section 181 of the Act.
2. A proxy need not be a member of the Company.
3. The Proxy Form must be deposited at the registered office of the Company at **21 Ubi Road 1, #02-02, Singapore 408724**, not less than **72 hours** before the time fixed for holding the EGM.
4. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
5. Terms not specifically defined herein shall have the same meanings ascribed to them in the Company's circular to shareholders dated 19 January 2018.

Personal data privacy:

By attending the EGM and/or any adjournment thereof and/or submitting the Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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LIBRA GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 201022364R)

PROXY FORM

I/We, _____ (Name) _____ (NRIC/Passport Number*)

of _____ (Address)

being a member/members* of **LIBRA GROUP LIMITED** (the “**Company**”), hereby appoint:

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

and/or*

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

or failing him/her*, the Chairman of the Extraordinary General Meeting (“**EGM**”) as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the EGM of the Company to be held at Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on 5 February 2018 at 9.30 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* may vote or abstain from voting at his/her* discretion. The Ordinary Resolutions will be put to vote at the EGM by way of poll.

Resolutions	Number of Votes For [#]	Number of Votes Against [#]
<i>Ordinary Resolution 1:</i> To approve the Proposed YC Acquisition		
<i>Ordinary Resolution 2:</i> To approve the proposed issue and allotment of 93,750,000 Consideration Shares at an issue price of S\$0.128 per Consideration Share and the proposed issue and allotment of 15,625,000 Earn-out Incentive Shares at an issue price of S\$0.128 per Earn-out Incentive Share		

* Delete as appropriate.

[#] If you wish to exercise all your votes “For” or “Against”, please indicate so with a [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s) or Common Seal of Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
2.
 - (a) A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
 - (b) A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's Proxy Form appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in this Proxy Form.
 - (c) "Relevant Intermediary" shall have the same meaning ascribed to it in Section 181 of the Act.
3. A proxy need not be a member of the Company.
4. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
5. Where this Proxy Form is executed under the hand of an attorney duly authorised, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Act.
7. This Proxy Form must be deposited at the registered office of the Company at **21 Ubi Road 1, #02-02, Singapore 408724**, not less than **72 hours** before the time fixed for holding the EGM.
8. Terms not specifically defined herein shall have the same meanings ascribed to them in the Company's circular to shareholders dated 19 January 2018.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the EGM, as certified by the CDP to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time fixed for holding the EGM.

Personal data privacy:

By attending the EGM and/or any adjournment thereof and/or submitting this Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.