

CIRCULAR DATED 13 DECEMBER 2024

THIS CIRCULAR IS ISSUED BY AVARGA LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF XANDAR CAPITAL PTE. LTD. AS THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or the transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Please note that no printed copies of this Circular will be disseminated to Shareholders (as defined herein). Only printed copies of the Notice (as defined herein) regarding the electronic dissemination of this Circular will be despatched to Shareholders.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any statements made, or opinions expressed, or reports contained in this Circular.



(Company Registration No.: 196700346M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to the

UNCONDITIONAL MANDATORY GENERAL OFFER

by

MAYBANK SECURITIES PTE. LTD.

(Company Registration No.: 197201256N)
(Incorporated in the Republic of Singapore)

for and on behalf of

TKO PTE. LTD.

(Company Registration No.: 202438305G)
(Incorporated in the Republic of Singapore)

for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired, directly or indirectly by the Offeror and its Excluded Concert Parties (as defined herein)

Independent Financial Adviser to the Independent Directors of the Company



XANDAR CAPITAL PTE. LTD.

(Company Registration Number: 200002789M)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 27 DECEMBER 2024 (THE “CLOSING DATE”). THE OFFEROR DOES NOT INTEND TO EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON THE CLOSING DATE OR TO REVISE THE OFFER PRICE. THE OFFEROR HAS GIVEN NOTICE THAT THE OFFER WILL NOT BE REVISED OR BE OPEN TO ACCEPTANCE BEYOND THE CLOSING DATE, SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION.

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DEFINITIONS

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

"1H2024"	:	The six (6) months ended 30 June 2024
"Board of Directors"	:	The board of Directors of the Company as at the Latest Practicable Date
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 13 December 2024 issued by the Company to the Shareholders in relation to the Offer
"Closing Date"	:	5.30 p.m. (Singapore time) on 27 December 2024
"Code"	:	The Singapore Code on Take-overs and Mergers
"Company"	:	Avarga Limited (Company Registration Number: 196700346M)
"Companies Act"	:	The Companies Act 1967 of Singapore
"Company Securities"	:	(i) Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options or derivatives in respect of, such Shares or securities which carry voting rights in the Company
"Compulsory Acquisition"	:	As referred to in Section 9.2 (Compulsory Acquisition) of the Offer Document and as reproduced in Section 8 (Listing Status and Compulsory Acquisition) of this Circular
"Constitution"	:	The constitution of the Company
"CPF"	:	The Central Provident Fund
"CPF Agent Banks"	:	Agent banks included under the CPFIS
"CPFIS"	:	The CPF Investment Scheme
"CPFIS Investors"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"Directors"	:	The Directors of the Company as at the Latest Practicable Date

DEFINITIONS

“Distributions”	:	All dividends, distributions or return of capital (if any) announced, declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date
“Electronic Despatch Notification”	:	The notification of electronic despatch of the Offer Document and its related documents dated 29 November 2024
“Encumbrance”	:	Any liens, equities, options, mortgages, charges, claims, hypothecation, encumbrances, easements, rights of pre-emption, first offer, rights of first refusal, tag-along or drag-along, securities, title retention, preferential rights, trust arrangement or other security interest or other third party rights and interests of any nature whatsoever
“Excluded Concert Parties”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“FAA”	:	The Form of Acceptance and Authorisation for Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP
“FAT”	:	The Form of Acceptance and Transfer for Offer Shares in respect of the Offer which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP and are registered in such Shareholder’s name in the Register
“FY2021”	:	The financial year ended 31 December 2021
“FY2022”	:	The financial year ended 31 December 2022
“FY2023”	:	The financial year ended 31 December 2023
“FY2023 Results”	:	The audited consolidated financial statements of the Group for FY2023 set out in the annual report of the Company published on the SGXNET on 3 April 2024
“Group”	:	The Company and its subsidiaries
“IFA”	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Offer
“IFA Letter”	:	The letter dated 13 December 2024 from the IFA to the Independent Directors containing its advice in relation to the Offer, as set out in Appendix I to this Circular

DEFINITIONS

“Independent Directors”	:	The Directors who are considered to be independent for the purposes of the Offer, namely, Lai Ven Li, Moey Weng Foong, Andrew Lim Cheong Seng and Kevin Kang Kah Wee
“Interested Person”	:	<p>As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is:</p> <ul style="list-style-type: none">(a) a director, chief executive officer, or Substantial Shareholder of the company;(b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;(d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;(e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or(f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“Latest Practicable Date”	:	6 December 2024, being the latest practicable date prior to the electronic dissemination of this Circular to Shareholders
“Listing Manual”	:	The listing manual of the SGX-ST in force as at the Latest Practicable Date
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Maybank Securities”	:	Maybank Securities Pte. Ltd. (Company Registration Number: 197201256N)

DEFINITIONS

“Notice”	:	The written notice dated 13 December 2024 issued by the Company informing Shareholders of, <i>inter alia</i> , the electronic dissemination of this Circular
“Offer”	:	The unconditional mandatory general cash offer made by Maybank Securities, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement in connection with the Offer released by Maybank Securities, for and on behalf of the Offeror on the Offer Announcement Date
“Offer Announcement Date”	:	11 November 2024, being the date of the Offer Announcement
“Offer Document”	:	The offer document dated 29 November 2024, including the FAA and FAT, and any other document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update the document(s) from time to time
“Offer Price”	:	S\$0.25 in cash for each Offer Share
“Offer Shares”	:	As described in Section 2.2 (Offer Shares) of the Offer Document and as reproduced in Section 2.1 (Offer Shares and Offer Price) in this Circular
“Offeror”	:	TKO Pte. Ltd. (Company Registration Number: 202438305G)
“Offeror Securities”	:	<ul style="list-style-type: none"> (i) Offeror Shares; (ii) other securities which carry voting rights in the Offeror; and (iii) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or other securities which carry voting rights in the Offeror
“Offeror Shares”	:	Issued ordinary shares in the share capital of the Offeror
“Overseas Shareholder”	:	Shareholders whose addresses are outside Singapore, as shown on the Register or in the records of CDP (as the case may be)
“Register”	:	The register of holders of the Shares, as maintained by the Share Registrar

DEFINITIONS

“SFA”	:	The Securities and Futures Act 2001 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	B.A.C.S. Private Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	The issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	The Securities Industry Council of Singapore
“SRS”	:	The Supplementary Retirement Scheme
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“\$” or “S\$” and “cents”	:	Singapore dollars and cents, respectively, the official currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

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

The term **“acting in concert”** shall have the meaning ascribed to it in the Code.

References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and italics, and capitalised terms used within these reproduced statements and not defined herein shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter and the Constitution respectively.

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

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

DEFINITIONS

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

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

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

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

Unless otherwise stated, references in this Circular to the total number of issued Shares are based on 908,313,642 Shares (excluding 41,831,700 Shares in treasury) in issue as at the Latest Practicable Date, unless otherwise stated.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

LETTER TO SHAREHOLDERS

AVARGA LIMITED

(Company Registration No.: 196700346M)
(Incorporated in the Republic of Singapore)

Board of Directors

Tong Kooi Ong (*Executive Chairman*)
Tong Ian (*Chief Executive Officer and Executive Director*)
Lai Ven Li (*Lead Independent Director*)
Moey Weng Foong (*Independent Director*)
Andrew Lim Cheong Seng (*Independent Director*)
Kevin Kang Kah Wee (*Independent Director*)

Registered Office

1 Kim Seng Promenade #13-10
Great World City Office West
Singapore 237994

13 December 2024

To: The Shareholders of Avarga Limited

Dear Sir/Madam

UNCONDITIONAL MANDATORY GENERAL OFFER BY MAYBANK SECURITIES, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On the Offer Announcement Date, Maybank Securities announced, for and on behalf of the Offeror, that in compliance with Section 139 of the SFA and Rule 14 of the Code, the Offeror intends to make an Offer for all the issued and paid-up Shares other than those already owned, controlled and agreed to be acquired, directly or indirectly, by the Offeror, Phileo Capital Limited and Genghis S.á.r.l. (Phileo Capital Limited and Genghis S.á.r.l. collectively, the “**Excluded Concert Parties**”).

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

1.2 Offer Document

Shareholders should have by now received a copy of the Electronic Despatch Notification, which contains the address and instructions for the electronic retrieval of the Offer Document despatched on 29 November 2024 setting out, *inter alia*, the terms and conditions of the Offer.

The Offer Document sets out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document.

An electronic copy of the Offer Document is available for download on the website of the SGX-ST at www.sgx.com.

1.3 Independent Financial Adviser

As stated in the Company’s announcement dated 19 November 2024, the Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in **Appendix I** to this Circular.

LETTER TO SHAREHOLDERS

1.4 Purpose of this Circular

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

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

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

2. THE OFFER

The Offer is made by the Offeror, on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out below.

Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

2.1 Offer Shares and Offer Price

The consideration for each Offer Share is :

S\$0.25 in cash for each Offer Share (the “Offer Price”).

It is stated in the Offer Document that the Offer Price is final and the Offeror does not intend to increase the Offer Price, save that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code if a competitive situation arises.

Sections 2.1, 2.2, 2.4 to 2.8 and 6.2 of the Offer Document set out information on the Offer and the share capital of the Company, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“2. THE OFFER

2.1 Offer Terms

The Offeror hereby makes the Offer to acquire all the Offer Shares in accordance with Section 139 of the SFA and Rule 14 of the Code.

2.2 Offer Shares

The Offer will be made for all the Shares other than those already owned, controlled and agreed to be acquired, directly or indirectly, by the Offeror and its Excluded Concert Parties (the “Offer Shares”).

LETTER TO SHAREHOLDERS

2.4 No Encumbrances

The Offer Shares will be acquired:

- (a) fully paid;*
- (b) free from any liens, equities, options, mortgages, charges, claims, hypothecation, encumbrances, easements, rights of pre-emption, first offer, rights of first refusal, tag-along or drag-along, securities, title retention, preferential rights, trust arrangement or other security interest or other third party rights and interests of any nature whatsoever ("**Encumbrance**")*; and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, distributions or return of capital (if any) ("**Distributions**") which may be announced, declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date.*

2.5 Adjustment for Distributions

*If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, depending on the settlement date in respect of the Offer Shares tendered in acceptance of the Offer, the Offeror reserves the right to reduce the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer ("**Accepting Shareholder**") by the amount of such Distribution.*

2.6 Unconditional Offer

*The Offer is **unconditional in all respects**.*

2.7 No Convertible Securities

As at the Latest Practicable Date, based on information available to the Offeror, there are no outstanding instruments convertible into, rights to subscribe for, and options or derivatives in respect of, the Shares or securities which carry voting rights in the Company.

2.8 Warranty

A Shareholder who tenders its/his/her Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably warrant that it/he/she sells such Offer Shares as or on behalf of the beneficial owner(s) thereof:

- (a) fully paid;*
- (b) free from any Encumbrance; and*
- (c) together with all Distributions.*

LETTER TO SHAREHOLDERS

6.2 Share Capital

Based on the information available to the Offeror as at the Latest Practicable Date, the Company's total issued and paid-up share capital comprises 908,313,642 Shares (excluding 41,831,700 Shares in treasury). Based on the latest annual report of the Company in respect of the financial year ended 31 December 2023, the issued and paid-up share capital of the Company is S\$169,596,374.34. As at the Latest Practicable Date, there are no outstanding convertibles."

2.2 No Encumbrances

Section 2.4 of the Offer Document extracted in Section 2.1 of this Circular above sets out information on the Offer Shares.

2.3 Adjustment for Distributions

Section 2.5 of the Offer Document extracted in Section 2.1 of this Circular above sets out information on how the Offer Price is adjusted for Distributions.

2.4 Unconditional Offer

Section 2.6 of the Offer Document extracted in Section 2.1 of this Circular above states that the Offer is unconditional in all respects.

2.5 No Convertible Securities

Section 2.7 of the Offer Document extracted in Section 2.1 of this Circular states that there are no convertible securities in the Company.

2.6 Warranty

Section 2.8 of the Offer Document extracted in Section 2.1 of this Circular above states the representations and warranties of an accepting Shareholder. Unless otherwise defined, all terms and expressions used in the extracts above shall have the same meanings as those defined in the Offer Document.

2.7 Closing Date

According to the Offer Document, the Offer is open for acceptances by Shareholders for a period of at least 28 days from the date of posting of the Offer Document. **Accordingly, Shareholders should note that the Offer will close at 5.30 p.m. (Singapore time) on 27 December 2024. The Offeror has given notice that it will not extend the Offer beyond 5.30 p.m. (Singapore time) on the Closing Date and the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date, save that such notice shall not be capable of being enforced in a competitive situation.**

LETTER TO SHAREHOLDERS

3. DETAILS OF THE OFFER

The Offer is made in accordance with the terms and conditions set out in the Offer Document. Further details of the Offer relating to: (a) the duration of the Offer; (b) the settlement of the consideration for the Offer; (c) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer, are set out in Appendix 1 to the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

“APPENDIX 1 – FURTHER DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the posting of this Offer Document.

The Offer will close at 5.30 p.m. (Singapore time) on 27 December 2024. Notice is hereby given that the Offeror will not extend the Offer beyond 5.30 p.m. (Singapore time) on the Closing Date and the Offer will not be open for acceptance beyond 5.30 p.m. (Singapore time) on the Closing Date, save that such notice shall not be capable of being enforced in a competitive situation.

1.2 Revision

The Offer Price is final and the Offeror does not intend to increase the Offer Price, save that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code if a competitive situation arises. In the event of any revision to the terms of the Offer, pursuant to Rule 20.1 of the Code, the terms of the Offer will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.

2. SETTLEMENT

2.1 When Settlement is Due

Subject to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document, the Relevant Acceptance Forms and/or the terms and conditions for Electronic Acceptance (as the case may be) and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the number of Offer Shares tendered by the Depositor in acceptance of the Offer are standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the

LETTER TO SHAREHOLDERS

Accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of:

- (a) in the case of Accepting Shareholders who are Depositors:*
 - (i) who are subscribed to CDP's DCS, credited directly into the Accepting Shareholder's designated bank account for SGD via CDP's DCS (or in such other manner as such Accepting Shareholder may have agreed with CDP for the payment of any cash distribution); or*
 - (ii) who are not subscribed to CDP's DCS, credited to the Accepting Shareholder's Cash Ledger and subject to the same terms and conditions applicable to Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions ("**Cash Ledger**" and "**Cash Distribution**" are as defined therein); or*
- (b) in the case of an Accepting Shareholder holding share certificate(s) which are not deposited with CDP, an SGD crossed cheque drawn on a bank operating in Singapore and sent by ordinary post to his address stated in his FAT or if none is stated, to his address as indicated in the Register, at the risk of the Accepting Shareholder,*

on the payment date as soon as practicable but in any event within seven (7) business days of the date of such receipt.

3. ANNOUNCEMENTS

3.1 Timing and Contents

Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the Market Day immediately after the day on which the Offer is due to expire or the Offer is revised or extended, the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;*
- (b) held by the Offeror and any of its concert parties prior to the commencement of the Offer period; and*
- (c) acquired or agreed to be acquired by the Offeror and any of its concert parties during the Offer period,*

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 Suspension

Under Rule 28.2(a) of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements in paragraph 3.1 of this Appendix 1, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

LETTER TO SHAREHOLDERS

3.3 Valid Acceptances for Offer Shares

Under Rule 28.1 of the Code, subject to Section 14.1 of the Letter to Shareholders in this Offer Document, in computing the number of Offer Shares represented by acceptances, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects. Acceptances of the Offer will only be treated as valid if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

3.4 Announcements

In this Offer Document, references to the making of any announcement or the giving of a notice by the Offeror include the release of an announcement by Maybank Securities or advertising agents for and on behalf of the Offeror to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

4. RIGHT OF WITHDRAWAL

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.”

4. PROCEDURES FOR ACCEPTANCE

The procedures for acceptance of the Offer are set out in Section 4 and Appendix 2 to the Offer Document.

5. INFORMATION ON THE OFFEROR

Section 5 of the Offer Document sets out certain information on the Offeror and the Offeror's Shareholder, the full text of which has been extracted from the Offer Document and set out below. Additional information on the Offeror is extracted from Appendix 3 to the Offer Document and are set out in **Appendix III** to this Circular. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document:

“5. INFORMATION ON THE OFFEROR

5.1 The Offeror

The Offeror is a special purpose vehicle which has been incorporated in the Republic of Singapore for the purposes of the Offer. The Offeror has not carried on any business since its incorporation, except for matters in connection with the Acquisition and the Offer.

5.2 Share Capital

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1.00 comprising one (1) ordinary share. ZICO Trust (S) Ltd holds 100% of the shares in the Offeror in its capacity as trustee of Phileo Trust. Phileo Trust is a family trust constituted under a trust deed under which Dr Tong is the sole beneficiary.

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5.3 Shareholding in the Company

As at the Latest Practicable Date, the Offeror holds 183,246,925 Shares, representing approximately 20.17% of the total number of issued Shares.

5.4 Directors

The sole director of the Offeror is Dr Tong who is also the executive chairman and an executive director of the Company."

6. INFORMATION ON THE COMPANY

Please refer to **Appendix II** of this Circular for information on the Company.

7. RATIONALE FOR THE OFFER

Section 7 of the Offer Document sets out information on the rationale for the Offer and the Offeror's intention for the Company, the full text of which has been extracted from the Offer Document and set out below. Shareholders are advised to read the extract below carefully. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

"7. RATIONALE FOR THE OFFER

7.1 Compliance with the Code

As a result of the Acquisition, the Offeror is making the Offer in compliance with the requirements of the Code.

7.2 Intention for the Company

It is the intention of the Offeror to carry on the existing business of the Company, and the Offeror presently has no intention to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of Avarga Group, or (c) discontinue the employment of the employees of Avarga Group, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company.

7.3 Opportunity for Shareholders to Realise their Investment in Cash at a Premium

The Offer Price represents a premium of approximately:—

- (a) 22.0% over the last traded price per Share of S\$0.205 on the Last Trading Day; and*
- (b) 23.8%, 24.3%, 26.5% and 33.9% over the VWAP per Share for the one-month, three-month, six-month and 12-month periods respectively, up to and including the Last Trading Day.*

The Offer therefore presents Shareholders with a clean cash exit opportunity to realise up to their entire investment in the Shares in cash at a premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs."

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8. LISTING STATUS AND COMPULSORY ACQUISITION

Section 9 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and its rights of compulsory acquisition in respect of the Company, the full text of which has been extracted from the Offer Document and set out below. Shareholders are advised to read the extract below carefully. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

Under Rule 1105 of the Listing Manual, upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and the parties acting in concert with it to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time as it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury shares) is at all times held by the public. In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

9.2 Compulsory Acquisition

*Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer and/or acquires such number of Offer Shares at the close of the Offer in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees and other persons required to be excluded under Section 215(9A) of the Companies Act as at the date of the Offer), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Offer.*

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Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror acquires, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees and other persons required to be excluded under Section 215(9A) of the Companies Act, comprise 90% or more of the total number of issued Shares as at the close of the Offer. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.

The Offeror does not intend to preserve the listing status of the Company on the SGX-ST following completion of the Offer. Accordingly, if the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders who have not accepted the Offer, the Offeror intends to exercise its rights of compulsory acquisition. However, in the event that the Offeror (i) does not become entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders who have not accepted the Offer, or (ii) is unable to seek a voluntary delisting of the Company, and the total number of issued Shares (excluding treasury shares) held by the public is less than 10%, it is the current intention of the Offeror to undertake and/or support any action as may be necessary for any trading suspension by SGX-ST to be lifted.”

9. CONFIRMATION OF FINANCIAL RESOURCES

Section 10 of the Offer Document sets out information on the confirmation of financial resources, the full text of which has been extracted from the Offer Document and set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“10. CONFIRMATION OF FINANCIAL RESOURCES

Maybank Securities, as the Financial Adviser to the Offeror in relation to the Offer, confirms that the Offeror has sufficient financial resources to satisfy full acceptances of the Offer on the basis of the Offer Price.”

10. DISCLOSURE OF HOLDINGS AND DEALINGS

Section 11 of the Offer Document, together with paragraph 1.1 and paragraph 1.2 of Appendix 5 to the Offer Document set out certain information relating to disclosure of holdings and dealings in the Company’s Securities, the full text of which have been extracted from the Offer Document and set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

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“11. DISCLOSURE OF HOLDINGS AND DEALINGS

11.1 Holdings and Dealings in Company Securities

*As at the Latest Practicable Date, save as set out in this Offer Document and **Appendix 5** to this Offer Document, none of (i) the Offeror, (ii) the Offeror Director (being Dr Tong), (iii) the Financial Adviser, and (iv) any other person acting in concert with the Offeror (each, a “**Relevant Person**”):*

- (a) owns, controls or has agreed to acquire any (A) Shares, (B) securities which carry voting rights in the Company, or (C) convertible securities, warrants, options or derivatives in respect of, such Shares or securities which carry voting rights in the Company (collectively, the “**Company Securities**”); or*
- (b) has dealt for value in any Company Securities during the 6-month period preceding the Offer Announcement Date.*

11.2 Other Arrangements

*As at the Latest Practicable Date, save as set out in this Offer Document and **Appendix 5** to this Offer Document, none of the Relevant Persons has:*

- (a) received any irrevocable commitment or undertakings from any party to accept or reject the Offer;*
- (b) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company Securities which might be material to the Offer;*
- (c) granted a security interest over any Company Securities in favour of another person, whether through a charge, pledge or otherwise,*
- (d) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold), or*
- (e) lent any Company Securities to another person.*

Pursuant to the Offeror’s financing arrangements for the Offer, all the Shares acquired by the Offeror pursuant to the Acquisition and the Offer or otherwise during the period of the Offer, as well as all the Shares held by Phileo Capital Limited and Genghis S.á.r.l, have been/will be charged in favour of the Offeror’s financing bank as security for the Offeror’s obligations under such financing arrangements.

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APPENDIX 5 – ADDITIONAL GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS IN THE COMPANY SECURITIES

1.1 Holdings in Company Securities

Name of Relevant Person	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
The Offeror						
TKO Pte. Ltd.	183,246,925	20.17%	–	–	183,246,925	20.17%
Director of the Offeror						
Dr Tong ⁽²⁾	–	–	481,493,925 ⁽³⁾	53.01%	481,493,925	53.01%
Other Relevant Persons						
Tong Ian	2,800,000	0.31%	–	–	2,800,000	0.31%
ZICO Trust (S) Ltd. ⁽⁴⁾	–	–	481,493,925 ⁽⁵⁾	53.01%	481,493,925	53.01%
3Cs Investments Limited ⁽⁶⁾	–	–	73,439,000 ⁽⁷⁾	8.09%	73,439,000	8.09%
Phileo Capital Limited	224,808,000	24.75%	–	–	224,808,000	24.75%
Genghis S.á.r.l.	73,439,000	8.09%	–	–	73,439,000	8.09%
Ng Say Guan ⁽⁸⁾	100,000	0.01%	–	–	100,000	0.01%
Tong Kooi Mei ⁽⁹⁾	800	n.m. ⁽¹⁰⁾	–	–	800	n.m.
Ong Yih Yeong ⁽¹¹⁾	50,000	0.01%	–	–	50,000	0.01%
Chung Chee Khuen ⁽¹²⁾	50,000	0.01%	–	–	50,000	0.01%
Bernard Tong Kim Chun ⁽¹³⁾	901,000	0.10%	–	–	901,000	0.10%
Tan Puay Lin ⁽¹⁴⁾	133,000	0.01%	–	–	133,000	0.01%
Maybank Securities Pte. Ltd.	–	–	–	–	–	–

Notes:

- (1) The percentage figures, rounded to the nearest two (2) decimal places, are calculated based on the total number of issued Shares, which is 908,313,642 Shares in issue (excluding Shares in treasury). As at the Latest Practicable Date, the Company holds 41,831,700 Shares in treasury.
- (2) By virtue of Phileo Trust, a family trust constituted under a trust deed where Dr Tong is the sole beneficiary, and with ZICO Trust (S) Ltd. as its appointed trustee, Dr Tong has a deemed interest in the following Shares pursuant to Section 4 of the SFA: (a) the 183,246,925 Shares held by TKO Pte. Ltd., which is wholly-owned by ZICO Trust (S) Ltd.; (b) the 224,808,000 Shares held by Phileo Capital Limited, which is wholly-owned by ZICO Trust (S) Ltd.; and (c) the 73,439,000 Shares held by Genghis S.á.r.l., which is wholly-owned by 3Cs Investments Limited, which is in turn wholly-owned by ZICO Trust (S) Ltd..
- (3) The Shares are beneficially owned by TKO Pte. Ltd., Phileo Capital Limited and Genghis S.á.r.l..
- (4) Pursuant to Section 4 of the SFA, ZICO Trust (S) Ltd. is deemed interested in the following Shares: (a) the 183,246,925 Shares held by TKO Pte. Ltd., which is wholly-owned by ZICO Trust (S) Ltd.; (b) the 224,808,000 Shares held by Phileo Capital Limited, which is wholly-owned by ZICO Trust (S) Ltd.; and (c) the 73,439,000 Shares held by Genghis S.á.r.l., which is wholly-owned by 3Cs Investments Limited, which is in turn wholly-owned by ZICO Trust (S) Ltd..
- (5) The Shares are beneficially owned by TKO Pte. Ltd., Phileo Capital Limited and Genghis S.á.r.l..
- (6) As Genghis S.á.r.l. is wholly-owned by 3Cs Investments Limited, pursuant to Section 4 of the SFA, 3Cs Investments Limited is deemed interested in the 73,439,000 Shares held by Genghis S.á.r.l..
- (7) The Shares are beneficially owned by Genghis S.á.r.l..

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- (8) Ng Say Guan is a director of 3Cs Investments Limited.
- (9) Tong Kooi Mei is the sister of Dr Tong.
- (10) "n.m." means not meaningful.
- (11) Ong Yih Yeong is the director of The Edge Property Sdn. Bhd., a company controlled by Dr Tong.
- (12) Chung Chee Khuen is the director of several Malaysian private companies controlled by Dr Tong.
- (13) Bernard Tong Kim Chun is a nephew of Dr Tong.
- (14) Tan Puay Lin is the spouse of a director of The Edge Media Group Pte. Ltd., a company controlled by Dr Tong.

1.2 Dealings in Company Securities⁽¹⁾

Name	Date	No. of Shares Acquired	No. of Shares Disposed	Transaction Price per Share (S\$)
Bernard Tong Kim Chun	12 November 2024	–	205,000	0.245
TKO Pte. Ltd.	11 November 2024	183,246,925 ⁽²⁾	–	0.250
Bernard Tong Kim Chun	28 August 2024	105,300	–	0.190
Bernard Tong Kim Chun	31 May 2024	99,500	–	0.185
Bernard Tong Kim Chun	28 May 2024	2,500	–	0.185
Bernard Tong Kim Chun	16 May 2024	3,000	–	0.192
Bernard Tong Kim Chun	15 May 2024	147,000	–	0.192
Bernard Tong Kim Chun	13 May 2024	49,000	–	0.193

Notes:

- (1) The numbers under "Transaction Price per Share" are rounded to the nearest three (3) decimal places.
- (2) Being the Shares which the Offeror acquired pursuant to the Acquisition."

11. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities and the Offeror Securities as at the Latest Practicable Date, are set out in Section 5.3 and Section 5.5 respectively of **Appendix II** to this Circular.

12. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

12.1 General

Shareholders should read and carefully consider the recommendation of the Independent Directors as set out in Section 13 of this Circular and the advice of the IFA to the Independent Directors which is set out in **Appendix I** to this Circular, before deciding whether to accept or reject the Offer.

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12.2 Key factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in Section 7 of the IFA Letter.

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

12.3 Advice of the IFA to the Independent Directors

The advice of the IFA to the Independent Directors in respect of the Offer is set out in **Appendix I** to this Circular. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has given its advice to the Independent Directors as set out in Section 7 of the IFA Letter, an extract of which is reproduced below.

Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

“7. OUR ADVICE

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

7.1 “FAIRNESS” OF THE OFFER

We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Offer:

7.1.1 Factors for the Offer

The following factors substantiate the “fairness” of the Offer:

- (a) the Offer Price represents premia to the highest closing prices of the Shares for the periods prior to and including the Last Undisturbed Trading Day and continues to represent premia to most of the closing prices of the Shares for the Trading Days after the Offer Announcement Date up to the Latest Practicable Date as set out in paragraph 6.3 of this IFA Letter;*
- (b) the Offer Price represents premia to the VWAPs of the Shares for the periods prior to and including the Last Undisturbed Trading Day and the period after the Offer Announcement Date up to the Latest Practicable Date as set out in paragraph 6.3 of this IFA Letter;*

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- (c) *the P/E ratio and EV/EBITDA ratio of the Company implied by the Offer Price are higher than the mean corresponding ratios of the Comparable Companies as set out in paragraph 6.4 of this IFA Letter;*
- (d) *the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are within the range of the corresponding premia of the Precedent Privatisation Offers as set out in paragraph 6.5.1 of this IFA Letter; and*
- (e) *the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are within the range of the corresponding premia of the Precedent Non-Privatisation Offers as set out in paragraph 6.5.2 of this IFA Letter.*

7.1.2 Factors against the Offer

The following factors undermine the “fairness” of the Offer:

- (a) *the Offer Price represents discounts to the NAV per Share, NTA per Share and RNAV per Share as set out in paragraph 6.2 of this IFA Letter;*
- (b) *the ex-cash P/NAV ratio after excluding the adjusted cash and cash equivalents per Share as at 30 June 2024 will be 0.5 times. Shareholders may wish to note that approximately S\$82.4 million of cash and cash equivalents as at 30 June 2024 were under the Taiga Group and remittance of cash by Taiga to Avarga Canada Limited, then subsequently by Avarga Canada Limited to the Company in Singapore have tax implications;*
- (c) *the P/NAV ratio and P/NTA of the Company as implied by the Offer Price are below than the mean and median corresponding ratios of the Comparable Companies as set out in paragraph 6.4 of this IFA Letter;*
- (d) *the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are below the mean and median corresponding premia of the Precedent Privatisation Offers as set out in paragraph 6.5.1 of this IFA Letter;*
- (e) *the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are below the mean corresponding premia of the Precedent Non-Privatisation Offers as set out in paragraph 6.5.2 of this IFA Letter; and*
- (f) *the Offer Price is below our estimated range of values for the Shares set out in paragraph 6.7 of this IFA Letter.*

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7.2 “REASONABLENESS” OF THE OFFER

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

7.2.1 Factors for the Offer

The following factors substantiate the “reasonableness” of the Offer:

- (a) the Group and the Taiga Group had reported decreasing revenues and profits on a year-on-year basis during the Period under Review as set out in paragraph 6.1 of this IFA Letter;*
- (b) the general sentiment of the primary and secondary market of the Taiga Group (which will be the main revenue generating business of the Group after the cessation of the operations of the Paper Mill Division on 31 December 2024) for 2024 is less positive as compared to 2023;*
- (c) the highest closing price of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date was equal to and did not exceed the Offer Price implying that the market prices of the Shares have been supported by the Offer. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will maintain at the level for the period after the Offer Announcement Date up to the Latest Practicable Date, after the close of the Offer;*
- (d) with the cessation of the Paper Mill Division as announced on 29 November 2024 and the completion of the disposal of the Power Plant Division in July 2024, the Taiga Group will be the sole dividend contributor to the Company and its Shareholders. Taiga also does not have a fixed dividend policy and there is no assurance that Taiga will continue to declare special dividends in the future. Further, any dividend payable by Taiga to Avarga Canada Limited, and subsequently by Avarga Canada Limited to the Company in Singapore have tax implications; and*
- (e) other considerations set out in paragraph 6.8 of this IFA Letter.*

7.2.2 Factors against the Offer

The following factors undermine the “reasonableness” of the Offer:

- (a) although the revenue, gross profit and gross profit margins of the Taiga Group showed a declining trend during the Period under Review, the revenue, gross profit and gross profit margins of the Taiga Group for LTM30Jun2024 were still higher than the revenue, gross profit and gross profit margins of the Taiga Group for FY2017, FY2018 and FY2019. The Taiga Group had a profitable track record for its last 10 financial years;*
- (b) while the P/E ratio and EV/EBITDA ratio of the Company implied by the Offer Price are higher than the mean corresponding ratios of the Comparable Companies as set out in paragraph 6.1.1 of this IFA Letter, the Group had completed the disposal of its loss-making Power Plant Division in July 2024 and*

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will cease the operations of the loss-making Paper Mill Division after the expiry of its gas supply contract on 31 December 2024. The pro forma P/E ratio and pro forma EV/EBITDA ratio of the Company as implied by the Offer Price based on the pro forma net profit and pro forma EBITDA after excluding the losses incurred by the Paper Mill Division and the Power Plant Division would be lower than the mean and median corresponding ratios of the Comparable Companies. Nevertheless, Shareholders may wish to note that the Comparable Companies are listed on foreign exchanges which may have different investors' sentiments and profile, and the valuations which investors may accord to companies listed there vis-à-vis the SGX-ST may differ significantly;

- (c) while both the Company and Taiga do not have fixed dividend policies, Taiga had declared and paid attractive special dividends for FY2021 and FY2023; and*
- (d) the aggregate losses incurred by the Paper Mill Division and the Power Plant Division eroded more than 40% of the profit before income tax contributed by the Taiga Group in FY2023 and LTM30Jun2024. The Group will be ceasing the operations of the Paper Mill Division after 31 December 2024 and had completed the disposal of the Power Plant Division in July 2024.*

7.3 OUR OPINION

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to REJECT the Offer.

13. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

13.1 Exemption Relating to Directors' Recommendations

A confirmation was sought with SIC on the basis that Tong Kooi Ong is a director of the Offeror, and that each of Tong Kooi Ong and Tong Ian is a member of the Immediate Concert Parties (as defined below) and is acting in concert with the Offeror for the purpose of the Offer and that each of Tong Kooi Ong and Tong Ian should not be considered independent for the purposes of the Offer and that each of Tong Kooi Ong and Tong Ian be exempted from assuming responsibility for any recommendation on the Offer that the remainder of the board of directors of the Company may make to the Shareholder.

"Immediate Concert Parties" means Tong Kooi Ong, Tong Ian, ZICO Trust (S) Ltd, 3Cs Investments Limited, Phileo Capital Limited and Genghis S.á.r.l. which are all parties acting or presumed to be acting in concert with the Offeror. As a group, they hold or control approximately 33.14% of the Company.

The SIC has ruled on 4 October 2024 that Tong Kooi Ong and Tong Ian are exempted from the requirement to make a recommendation on the Offer.

However, Tong Kooi Ong and Tong Ian must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Offer.

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13.2 Independence of Directors

As at the Latest Practicable Date, each of Lai Ven Li, Moey Weng Foong, Andrew Lim Cheong Seng and Kevin Kang Kah Wee considers himself/herself to be independent for the purposes of making a recommendation to the Shareholders in respect of the Offer.

13.3 Recommendation of the Independent Directors

The Independent Directors have reviewed and considered carefully the terms of the Offer, and the opinion and advice of the IFA in the IFA Letter. The Independent Directors DO NOT CONCUR with the IFA's opinion and advice, as extracted from the IFA Letter and reproduced in Section 12.3 above. It is the opinion of the Independent Directors that whilst the Offer is not fair, it is, on balance, reasonable. The reasons for the Independent Directors' opinion are as follows:

- (a) in considering the reasonableness of the Offer, more weight should be placed on the fact that the Shares are relatively illiquid (as can be seen from the trading volumes of the Shares in paragraph 6.3.2 of the IFA Letter), and the Offer is an opportunity for Shareholders to realise up to their entire investment in the Shares (without having to incur brokerage and, where applicable, other trading costs); and
- (b) whilst the Offer Price is at a discount to the estimated range of realisable values of the Shares set out in paragraph 6.7 of the IFA Letter, thereby *prima facie* suggesting that the Offer is not fair, the discount of between 2.34% and 9.42% is nevertheless reasonable.

Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Offer.

Shareholders should note that the IFA's advice and the recommendation of the Independent Directors should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer. The IFA, in giving its advice, and the Independent Directors, in making their recommendation, have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, legal adviser, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS SHOULD READ AND CONSIDER CAREFULLY THIS CIRCULAR, INCLUDING THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THIS OFFER AS SET OUT IN APPENDIX I TO THIS CIRCULAR IN THEIR ENTIRETY, BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

Shareholders should also be aware and note that there is no assurance that the price and trading volume of the Shares will remain at current levels after the close of the Offer and the current price performance and trading volume of the Shares is not indicative of the future price performance or trading levels of the Shares. The price and trading volume of the Shares are subject to, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and stock market conditions and sentiments.

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14. OVERSEAS SHAREHOLDERS

Overseas Shareholders should refer to Section 12 of the Offer Document which sets out information in relation to Overseas Shareholders, the full text of which has been extracted from the Offer Document and set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“12. OVERSEAS SHAREHOLDERS

12.1 Overseas Shareholders

This Offer Document does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable laws. The Offer will be made solely by this Offer Document and the Relevant Acceptance Forms accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

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

*Copies of this Offer Document and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (the “**Restricted Jurisdiction**”) and the Offer will not be made to, and the Offer Document, the Relevant Acceptance Forms and/or any other related documents do not constitute an offer or a solicitation to, nor will the Offer be capable of acceptance by, any person within any Restricted Jurisdiction if the offer to and/or acceptance by such person will violate the laws of the Restricted Jurisdiction or would require the Offeror or parties acting or presumed to be acting in concert with it, to offer to acquire securities not subject to the Offer. Persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

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

For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document and the Relevant Acceptance Forms have not been, or will not be, sent.

LETTER TO SHAREHOLDERS

12.2 Copies of this Offer Document and Relevant Acceptance Forms

Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain electronic copies of this Offer Document (including the Relevant Acceptance Forms) and any related documents from the website of the SGX-ST at www.sgx.com.

Shareholders may obtain printed copies of this Offer Document (including the Relevant Acceptance Forms) during normal business hours and up to the Closing Date from the Offeror, through (a) if he is a depositor, its receiving agent, CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com) to request for this Offer Document, the Notification Letter, the Relevant Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at the shareholder's own risk; or (b) if he is a scripholder, the Registrar, B.A.C.S. Private Limited, at its office located at 77, Robinson Road #06-03, Robinson 77, Singapore 098632 by submitting a request to the Registrar via phone (+65 6593 4848) or by email (main@zicoholdings.com).

12.3 Compliance with Applicable Laws

It is the responsibility of any Overseas Shareholder who wishes to (i) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents or (ii) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including Maybank Securities, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (a) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, Maybank Securities, CDP and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

12.4 Notice

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

LETTER TO SHAREHOLDERS

15. INFORMATION RELATING TO CPF AND SRS INVESTORS

Section 13 of the Offer Document sets out information pertaining to CPFIS Investors and SRS Investors, the full text of which has been extracted from the Offer Document and set out below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“13. INFORMATION RELATING TO CPF AND SRS INVESTORS

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

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts (as the case may be).”

CPFIS Investors and SRS Investors should note that the deadlines stated in the letter from their respective CPF Agent Banks and SRS Agent Banks may be earlier than the Closing Date.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document, the FAA and/or the FAT, as the case may be.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror:

- (a) by CDP (in respect of the FAA); or
- (b) by the Registrar (in respect of the FAT),

as the case may be, not later than **5.30 p.m. (Singapore time) on the Closing Date**.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT (as the case may be) which have been sent to them.

LETTER TO SHAREHOLDERS

17. ELECTRONIC DISSEMINATION OF THIS CIRCULAR

In line with the news release and joint statements issued by SGX-ST on 6 May 2020, 29 September 2020 and 29 June 2021 announcing that the Monetary Authority of Singapore, the SIC and the Singapore Exchange Regulation have introduced temporary measures to allow listed issuer and parties involved in takeover or merger transactions the option to electronically disseminate their take-over documents through publication on SGXNET and their corporate websites, thereby dispensing with the need to despatch hardcopy documents related to such take-over or merger transactions, no printed copies of this Circular will be despatched to Shareholders. Instead, this Circular has been electronically disseminated to the Shareholders through publication on the respective websites of the SGX-ST at www.sgx.com and on the website of the Company at www.avarga.com.sg/investor-relations/sgx-announcements/. The Notice containing instructions on how Shareholders can access and retrieve this Circular electronically has been despatched to Shareholders.

Shareholders may also obtain printed copies of this Circular, during normal business hours and up to the Closing Date, from the Share Registrar located at 77 Robinson Road, #06-03, Robinson 77, Singapore 068896, or by submitting a request to the Share Registrar via phone +65 6593 4848 or by email to main@zicoholdings.com.

18. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and the IFA Letter in **Appendix I** to this Circular, in the form and context in which they are included in this Circular.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The recommendation of the Independent Directors set out in Section 13 of this Circular is the responsibility of the Independent Directors. Save for (a) the recommendation of the Independent Directors to Shareholders set out in Section 13.3 of this Circular for which the Independent Directors are solely responsible; (b) the IFA Letter for which the IFA takes responsibility; (c) information extracted from the Offer Announcement and the Offer Document; and (d) information relating to the Offeror and the IFA, 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 Offer, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular (other than the IFA Letter for which the IFA takes responsibility) has been extracted from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Announcement, the Offer Document and/or the IFA Letter), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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

LETTER TO SHAREHOLDERS

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994, during normal business hours, for the period during which the Offer remains open for acceptance:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2021, FY2022 and FY2023;
- (c) the IFA Letter, as set out in **Appendix I** to this Circular; and
- (d) the letter of consent referred to in Section 18 of this Circular.

21. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
AVARGA LIMITED

Tong Ian
Chief Executive Officer and Executive Director
13 December 2024

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



13 December 2024

AVARGA LIMITED

1 Kim Seng Promenade
#13-10 Great World City Office West
Singapore 237994

Attention: The Independent Directors (as defined herein)

UNCONDITIONAL MANDATORY GENERAL OFFER (THE “OFFER”) BY MAYBANK SECURITIES PTE. LTD. (“MAYBANK SECURITIES”) FOR AND ON BEHALF OF TKO PTE. LTD. (THE “OFFEROR”) FOR ALL OF THE ISSUED AND PAID-UP ORDINARY SHARES (THE “SHARES”) IN THE CAPITAL OF AVARGA LIMITED (THE “COMPANY”), OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED, DIRECTLY OR INDIRECTLY BY THE OFFEROR AND ITS EXCLUDED CONCERT PARTIES (AS DEFINED HEREIN) (THE “OFFER SHARES”)

Unless otherwise defined, the terms used herein shall have the same meaning ascribed to them in the Company’s circular to its shareholders (the “Shareholders”) dated 13 December 2024 in connection with the Offer (the “Circular”).

1. INTRODUCTION

On 11 November 2024 (the “Offer Announcement Date”), Maybank Securities announced, for and on behalf of the Offeror, that the Offeror had acquired an aggregate of 183,246,925 Shares (the “Sale Shares”), representing approximately 20.17% of the total number of issued Shares, for an aggregate cash consideration of S\$45,811,731.25, or S\$0.25 for each Sale Share (the “Acquisition”). Together with the Shares (representing approximately 33.14% of the total number of issued Shares) already held by parties acting or presumed to be acting in concert with the Offeror (collectively, the “Offeror’s Concert Parties”), the Offeror and the Offeror’s Concert Parties collectively hold or control more than 50% of the total issued Shares of the Company. In compliance with Section 139 of the Securities and Futures Act 2001 of Singapore (the “SFA”) and Rule 14 of the Singapore Code on Take-overs and Mergers (the “Code”), the Offeror is making the Offer for the Offer Shares at the offer price of S\$0.25 in cash for each Offer Share (the “Offer Price”).

In connection with thereof, the Company has appointed Xandar Capital Pte. Ltd. (“Xandar Capital”) as the independent financial adviser (the “IFA”) to the directors of the Company who are considered independent for the purposes of the Offer, namely Ms Lai Ven Li; Mr Moey Weng Foong; Mr Andrew Lim Cheong Seng; and Mr Kevin Kang Kah Wee (collectively, the “Independent Directors”), to assess the terms of the Offer, and advise

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Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
Address 地址 3 Shenton Way #24-02 Shenton House Singapore 068805 珊顿道 3 号, 珊顿大厦 24-02, 新加坡邮区 068805
Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



(a) whether the terms of the Offer are fair and reasonable; and (b) whether the holders of the Offer Shares (the “Shareholders”) should accept or reject the Offer.

This letter sets out, *inter alia*, our evaluation and advice in respect of the Offer (this “**IFA Letter**”), and forms part of the Circular which provides, *inter alia*, the details of the Offer as well as the recommendation of the Independent Directors in respect of the Offer.

2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to advise the Independent Directors on (a) whether the terms of the Offer are fair and reasonable; and (b) whether the Shareholders should accept or reject the Offer.

We are not and were not involved in any aspect of the negotiations pertaining to the Offer. We are not required nor authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Offer Shares, and therefore are not able to, and will not compare the Offer to any other alternative transaction. We are also not addressing the relative merits of the Offer as compared to any alternative transaction, or other alternatives, or whether such alternatives could be achieved, or are or will be available in future.

Our evaluation is limited to the terms of the Offer, and our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial and/or risks or merits (if any) of the Offer.

In the course of our evaluation, we have had discussions with certain Directors and management of the Company, and have examined publicly available information relating to the Company and its subsidiaries (the “Group”) as well as information provided and representations made to us by the aforesaid parties, including information in the Circular. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Our scope does not require us and we have not made any independent evaluation (including without limitation, market value or economic potential) or appraisal of the Group’s assets and liabilities. For purposes of its year-end financial reporting and for financing purposes, the Company has commissioned valuers to determine the values of certain of its properties in Malaysia and United States. We have not made any independent verification of the assumptions and bases set out in the valuation reports. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of the valuation reports. Saved for the valuations, we

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have not been furnished with any evaluation or appraisal of any assets or liabilities of the Company or the Group.

We also note from the Circular that the Directors have taken all reasonable care to ensure that the facts stated and opinions expressed in the Circular (other than this IFA Letter as well as information extracted on the Offer, the Offeror and the Offeror's Concert Parties set out in the Offeror's offer document dated 29 November 2024 (the "**Offer Document**")) are fair and accurate and that there are no other material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, from the Offer Document), the sole responsibility of the Directors has been to ensure through reasonable enquiries that, to the best of their knowledge, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in the Circular.

In respect of this IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are, to the best of their knowledge and belief, fair and accurate in all material aspects. The Directors jointly and severally accept responsibility accordingly.

The scope of our engagement does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group whether with or without the Offer. We have not reviewed any financial projections or forecasts of the Company or the Group and we do not express any view on the future growth prospects, financial position or earnings potential of the Company and/or the Group. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

Our advice is based upon economic, industry, market, monetary, regulatory and other relevant conditions subsisting and the information available to us as at 6 December 2024, being the Latest Practicable Date (the "**Latest Practicable Date**") for the Circular. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our advice in light of any subsequent development after the Latest Practicable Date that may affect our advice contained herein. Shareholders should take note of any announcements and/or events relevant to their consideration of the Offer which may be released or occur after the Latest Practicable Date.

In preparing this IFA Letter, we did not consider the specific investment objectives, financial situation, risk profiles, tax position and/or unique needs and constraints of any individual Shareholder, or any specific group of Shareholders. We recommend that Shareholders who may require specific advice in relation to their Shares, investment objectives or portfolios to consult their stockbroker, bank manager, legal, financial, tax or other professional advisers immediately.

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APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



This IFA Letter is for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Offer, and the recommendation made by the Independent Directors shall remain their responsibility.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our advice in relation to the Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise the Shareholders to read these pages carefully.

3. THE OFFER

The Offer is made in compliance with Section 139 of the SFA and Rule 14 of Code, and subject to the terms and conditions set out in the Offer Document and the acceptance forms accompanying the Offer Document, for all the Offer Shares.

The detailed terms and conditions of the Offer are set out in Section 2 of, and Appendix 1 to the Offer Document. We extract the following in *italics* for your reference.

3.1 The Offer Shares

The Offer will be made for all the Shares other than those already owned, controlled and agreed to be acquired, directly or indirectly, by the Offeror and its Excluded Concert Parties (the “Offer Shares”).

3.2 The Offer Price

The consideration for each Offer Share is:

S\$0.25 in cash for each Offer Share (the “Offer Price”)

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

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



3.3 Encumbrances of the Offer Shares

The Offer Shares will be acquired:

- (i) *fully paid;*
- (ii) *free from any liens, equities, options, mortgages, charges, claims, hypothecation, encumbrances, easements, rights of pre-emption, first offer, rights of first refusal, tag-along or drag-along, securities, title retention, preferential rights, trust arrangement or other security interest or other third party rights and interests of any nature whatsoever ("**Encumbrance**");* and
- (iii) *together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, distributions or return of capital (if any) ("**Distributions**") which may be announced, declared, paid or made by the Company in respect of the Shares on or after the Offer Announcement Date.*

We note that no such Distribution has been announced, declared, paid or made by the Company for the period from the Offer Announcement Date up to the Latest Practicable Date.

3.4 Conditions to the Offer

*The Offer is **unconditional in all respects**.*

4. INFORMATION ON THE COMPANY AND THE GROUP

The following information on the Company and the Group is extracted from the public documents of the Company and Taiga Building Products Ltd. ("**Taiga**", a 71.99%-owned indirect subsidiary of the Company listed on the Toronto Stock Exchange in Canada).

The Company

The Company was incorporated under the laws of Singapore on 7 October 1967 and was listed on the Main Board of the SGX-ST on 15 October 1980. The Company is an investment holding company and the principal activities of the Company and its subsidiaries including distribution of building materials, paper manufacturing and property investment.

As at the Latest Practicable Date, the Company has issued and paid-up share capital comprising 908,313,642 Shares (excluding 41,831,700 Shares in treasury). We note that there has been no change in the issued and paid-up share capital of the Company in the last three financial years ended 31 December ("**FY**") 2021, 2022 and 2023, and for the period from 1 January 2024 up to the Latest Practicable Date. We calculate that the Company had share buy-back aggregating 32,450,600 Shares and 42,300 Shares in FY2021 and FY2022

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APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



respectively. There is no share buy-back by the Company for FY2023 and the period from 1 January 2024 up to the Latest Practicable Date.

The Group

We note from the annual report of the Company for FY2023 that the Group has four (4) reportable operating segments, namely:

- (a) the paper mill division manufactures and sells industrial grade paper products, collect and trades in waste paper products (the **"Paper Mill Division"**);
- (b) the power plant division which operates a 50 megawatt gas-fired generating power plant in Insein township, Yangon, Myanmar (the **"Power Plant Division"**);
- (c) the wholesale distribution of building products in Canada, United States and overseas by Taiga and its subsidiaries (the **"Taiga Group"**); and
- (d) *Others*, which include the corporate and investments segment.

In July 2024, the Company announced the completion of the disposal of its entire interest in UPP Greentech Pte. Ltd., which holds the entire interest in UPP Power (Myanmar) Limited. UPP Power (Myanmar) Limited is the operator of the power plant in Myanmar. In the results of the Group for the six months ended 30 June (**"HY"**) 2024 announced by the Company on 13 August 2024, the Company classified the Power Plant Division as discontinued operations, de-consolidated the financial performance of the Power Plant Division from the Group's income statement and classified the assets and liabilities of the Power Plant Division as *Assets classified as held for sale* and *Liabilities classified as held for sale* respectively in the Group's balance sheet as at 30 June 2024.

On 29 November 2024, the Company announced that the Paper Mill Division will cease operations after 31 December 2024, after the gas supply contract for its plant in Ijok, Selangor expires on that date.

In our review of the Group's historical results for FY2021, FY2022, FY2023, HY2023 and HY2024 (the **"Period under Review"**, which will include the last 12 months period ended 30 June 2024 (**"LTM30Jun2024"**)), we note that there is no reportable revenue from the segment under *Others* for the Period under Review.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



Accordingly, our evaluation will focus on the remaining revenue generating business division of the Group, the Taiga Group, which contributed revenues as follows:

S\$'000	FY2021	FY2022	FY2023	HY2023	HY2024	LTM30Jun2024
Revenue from the Taiga Group	2,377,760	2,322,633	1,669,502	847,866	815,458	1,637,094
As a percentage of the Group's total revenue	97.63%	98.07%	98.69% ⁽¹⁾	98.54% ⁽¹⁾	98.44% ⁽¹⁾	98.64% ⁽¹⁾

Note:

(1) Exclude the revenue of the Power Plant Division for FY2023, HY2023, HY2024 and LTM30Jun2024.

5. INFORMATION RELATING TO THE OFFEROR AND THE RELEVANT PERSON

5.1 ABOUT THE OFFEROR

Information on the Offeror is set out in Section 5 of, and Appendix 3 to the Offer Document. We extract the following in *italics* for your reference.

The Offeror is a special purpose vehicle which has been incorporated in the Republic of Singapore for the purposes of the Offer. The Offeror has not carried on any business since its incorporation, except for matters in connection with the Acquisition and the Offer.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1.00 comprising one (1) ordinary share. ZICO Trust (S) Ltd holds 100% of the shares in the Offeror in its capacity as trustee of Phileo Trust. Phileo Trust is a family trust constituted under a trust deed under which Dr Tong is the sole beneficiary.

The sole director of the Offeror is Dr Tong who is also the executive chairman and an executive director of the Company.

5.2 ABOUT THE RELEVANT PERSONS

The following are identified as "Relevant Persons" in Section 11.1 of, and Appendix 5 to the Offer Document. We set out the following information for your reference:

	Direct interest in the Company		Indirect interest in the Company	
	Number of Shares ⁽¹⁾	% ⁽²⁾	Number of Shares ⁽¹⁾	% ⁽²⁾
The Offeror ⁽³⁾	183,246,925	20.17	-	-

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Xandar Capital Pte. Ltd. 威豪金融 (私人) 有限公司 (Registration No. 200002789M)
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 Tel 电话 (65) 6319 4950 Fax 传真 (65) 6227 3936 Website 网址 <http://www.xandarcapital.com>

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



	Direct interest in the Company		Indirect interest in the Company	
	Number of Shares ⁽¹⁾	% ⁽²⁾	Number of Shares ⁽¹⁾	% ⁽²⁾
Phileo Capital Limited ⁽³⁾	224,808,000	24.75	-	-
Genghis S.á.r.l. ⁽³⁾	73,439,000	8.09	-	-
Mr Tong Kooi Ong (“ Dr Tong ”) ⁽³⁾	-	-	481,493,925	53.01
Mr Tong Ian	2,800,000	0.31	-	-
Mr Bernard Tong Kim Chun	901,000	0.10	-	-
Ms Tan Puay Lin	133,000	0.01	-	-
Ms Ng Say Guan	100,000	0.01	-	-
Mr Ong Yih Yeong	50,000	0.01	-	-
Mr Chung Chee Khuen	50,000	0.01	-	-
Ms Tong Kooi Mei	800	n.m	-	-
ZICO Trust (S) Ltd. ⁽³⁾	-	-	481,493,925	53.01
3Cs Investments Limited ⁽³⁾	-	-	73,439,000	8.09
Maybank Securities	-	-	-	-

Notes:

- (1) As at the Latest Practicable Date.
- (2) Based on is 908,313,642 Shares (excluding 41,831,700 Shares in treasury) as at the Latest Practicable Date.
- (3) The indirect interest of Dr Tong and ZICO Trust (S) Ltd. are as follows:
 - (a) ZICO Trust (S) Ltd. is the sole shareholder of the Offeror, Phileo Capital Limited and 3Cs Investments Limited. ZICO Trust (S) Ltd. is the appointed trustee of Phileo Trust, a family trust constituted under a trust deed where Dr Tong is the sole beneficiary.
 - (b) Genghis S.á.r.l. is wholly-owned by 3Cs Investments Limited.

Accordingly, Dr Tong is deemed interested in the Shares held by the Offeror, Phileo Capital Limited and Genghis S.á.r.l. pursuant to Section 4 of the SFA.

Please refer to Appendix 5 of the Offer Document for the relationship between the Offeror and the other Relevant Persons.

The Offer is extended to all Shareholders, except Phileo Capital Limited and Genghis S.á.r.l..

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



5.3 THE OFFEROR'S RATIONALE FOR THE OFFER

As set out in Section 7.1 of the Offer Document, the Offeror is making the Offer in compliance with the requirements of the Code as a result of the Acquisition.

5.4 THE OFFEROR'S INTENTIONS FOR THE COMPANY AND THE GROUP

As set out in Section 7.2 of the Offer Document, it is the intention of the Offeror to carry on the existing business of the Company, and the Offeror presently has no intention to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company.

6. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have considered the following factors:

- (i) the financial performance of the Group;
- (ii) the financial position of the Group;
- (iii) market performance of the Shares;
- (iv) comparison of the valuation ratios of the Company implied by the Offer Price against its comparable companies;
- (v) comparison of the valuation ratios of the Company implied by the Offer Price with recently completed comparable transactions for companies listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST");
- (vi) dividend track records of the Company;
- (vii) estimated range of values for the Shares; and
- (viii) other considerations.

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

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6.1 THE FINANCIAL PERFORMANCE OF THE GROUP

We set out a summary of the consolidated income statements of the Company for the Period under Review as follows:

S\$'000	FY2021	FY2022	FY2023	LTM30Jun2024
Revenue ⁽¹⁾	2,435,405	2,368,337	1,691,626	1,659,629
Gross profit ⁽¹⁾	334,407	310,551	195,801	183,431
Net profit attributable to Shareholders (included losses incurred by Power Plant Division)	73,299	50,875	10,927	9,099
Earnings per Share (S\$) ⁽²⁾	0.0807	0.0560	0.0120	0.0100

Notes:

- (1) The Group's revenue and gross profit for FY2021 and FY2022 set out in the table above include revenue and gross profit of its Power Plant Division, whereas the Group's revenue and gross profit for FY2023 and LTM30Jun2024 out in the table above exclude the revenue and gross profit of the Power Plant Division.
- (2) Calculated based on the net profit attributable to Shareholders and the Company's issued and paid-up share capital comprising 908,313,642 Shares (excluding 41,831,700 Shares in treasury).

6.1.1 Review of Financial Performance

Revenue

As set out in paragraph 4 of this IFA Letter, the Taiga Group contributed more than 90% of the Group's total revenue during the Period under Review. Accordingly, we have focused on the revenue of the Taiga Group and have also referred to the public documents of Taiga in our review of the revenue of the Group.

We note that the revenue of the Taiga Group was decreasing on a year-on-year basis from approximately S\$2.38 billion in FY2021 to approximately S\$1.64 billion in LTM30Jun2024. However, in our review of the financial performance of the Taiga Group since 2017 (as the Group first acquired the interest in Taiga in January 2017), we note that the annual revenues of the Taiga Group for FY2023 and LTM30Jun2024 (of approximately S\$1.67 billion and approximately S\$1.64 billion respectively), despite being significantly lower than those of FY2021 and FY2022 (of approximately S\$2.38 billion and approximately S\$2.32 billion respectively), were still higher than the revenue of the Taiga Group pre-COVID of approximately S\$1.4 billion for FY2017 (for the period from 31 January 2017 to 31 December

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2017 for revenue), approximately S\$1.51 billion for FY2018 and approximately S\$1.34 billion for FY2019. We understand that the demand for detached housing during the pandemic years, which combined with record high commodity prices and low borrowing rates, had a positive impact on the revenue of the Taiga Group in FY2021 and FY2022.

We note that Taiga attributed the lower revenue for FY2022 and FY2023 to lower selling prices of its commodity products and the lower revenue for HY2024 to a lower volume of commodity products sold as compared to HY2023.

Gross profit

Gross profit of the Group and the Taiga Group also reported decreasing trend on a year-on-year basis from approximately S\$334.4 million in FY2021 to approximately S\$183.4 million in LTM30Jun2024, in line with the lower revenue recorded by the Group and the Taiga Group. Similarly, in respect of the Taiga Group, we note that the gross profit of the Taiga Group for FY2023 and LTM30Jun2024 (of approximately CAD198.4 million and approximately CAD185.3 million respectively) were still significantly higher than the gross profit approximately CAD98.9 million for the nine-month ended 31 December 2017 (note: Taiga changed its year end from 31 March to 31 December in 2017), approximately CAD122.0 million for FY2018 and approximately CAD129.5 million for FY2019. We understand that the demand for detached housing during the pandemic years, which combined with record high commodity prices and low borrowing rates, had a positive impact on the revenue of the Taiga Group in FY2021 and FY2022.

We calculate and compare the gross profit margin of the Group and the Taiga Group as follows:

	FY2021	FY2022	FY2023	LTM30Jun2024
The Group (%)	13.73	13.11	11.57 ⁽¹⁾	11.05 ⁽¹⁾
The Taiga Group (%)	13.52	13.28	11.81	11.26

Note:

- (1) Calculated based on the Group's revenue and gross profit for FY2023 and LTM30Jun2024 after excluding the revenue and gross profit of the Power Plant Division.

As set out above, there is no material difference between the gross profit margins of the Group and the gross profit margins of the Taiga Group for the above-mentioned periods, and both the Group and the Taiga Group reported decreasing gross profit margins on a year-on-year basis for the above-mentioned periods.

Similarly, we have calculated the gross profit margins of the Taiga Group since 2017 and note that the Taiga Group had gross profit margins of between 8.41% and 9.96% for the

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nine-month ended 31 December 2017, FY2018 and FY2019, and its gross profit margin improved to 14.17% for FY2020. Accordingly, while the gross profit margins of the Group and the Taiga Group had been decreasing as set out above, the gross profit margin of the Taiga Group for LTM30Jun2024 was still higher than the gross profit margin of the Taiga Group in the three financial period/years prior to COVID.

Net profit attributable to equity holders

We set out the net profit attributable to equity holders of the Company and the net profit attributable to equity holders of Taiga as follows:

	FY2021	FY2022	FY2023	LTM30Jun2024
The Group (S\$'000)	73,299	50,875	10,927	9,099
The Taiga Group (CAD'000)	92,686	88,628	61,301	57,488
The Taiga Group (S\$'000) ⁽¹⁾	99,680	93,918	61,876	57,183

Note:

- (1) Translated to Singapore dollars by Bloomberg Finance L.P. based upon the average exchange rates prevailing during the financial periods.

The Group had profit contributions from the Taiga Group, the Power Plant Division and the Paper Mill Division in FY2021 and had profit contributions from the Taiga Group and the Power Plant Division in FY2022. As a result, the differences between the net profit attributable to equity holders of the Company and the net profit attributable to equity holders of Taiga for FY2021 and FY2022 were mainly attributed to net profit attributable to non-controlling interests which relate mainly to minority interest in Taiga. However, the net profit attributable to equity holders of the Company and the net profit attributable to equity holders of Taiga for FY2023 and LTM30Jun2024 were significantly different.

We reconcile the net profit attributable to equity holders of the Company for the Shareholders' reference as follows:

	FY2021	FY2022	FY2023	LTM30Jun2024
Profit/(Loss) before income tax				
- The Taiga Group	130,095	123,879	72,037	67,444
- Paper Mill Division	2,723	(12,700)	(18,717)	(18,088)
- Power Plant Division	5,424	4,251	(10,230)	(10,233)

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	FY2021	FY2022	FY2023	LTM30Jun2024
- Others	(1,806)	(5,571)	(3,981)	(4,489)
Total profit before income tax	136,436	109,859	39,109	34,634
Less: Income tax expense	(35,870)	(33,298)	(11,929)	(10,087)
Less: Net profit attributable to non-controlling interests	(27,267)	(25,686)	(16,253)	(15,448)
Net profit attributable to the equity holders of the Company	73,299	50,875	10,927	9,099

As set out in the table above, the Paper Mill Division (which will cease operations after the expiry of its gas supply contract on 31 December 2024) and the Power Plant Division (which was disposed of by the Company in July 2024) were the loss-making divisions and collectively eroded more than 40% of the profit before income tax contributed by the Taiga Group in FY2023 and LTM30Jun2024. Accordingly, the impending cessation of the Paper Mill Division and the completed disposal of the Power Plant Division may have a positive impact to the net profit attributable to equity holders of the Company going forward.

6.1.2 Historical price-to-earnings (“P/E”) ratio implied by the Offer Price

Based on the net profit attributable to equity holders of approximately S\$9.1 million for LTM30Jun2024, the P/E ratio of the Company as implied by the Offer Price is 25.0 times.

The above P/E ratio is based on the net profit attributable to equity holders of the Company for LTM30Jun2024 which included the losses incurred by the Paper Mill Division (which will cease operations after 31 December 2024) and the Power Plant Division (which was disposed of in July 2024). If we calculate a simple *pro forma* net profit attributable to equity holders of the Company by taking out the losses of the Paper Mill Division and the Power Plant Division for LTM30Jun2024 and applying a 17% Singapore corporate income tax rate to the reversed net profit, the *pro forma* net profit attributable to equity holders of the Company would be S\$32.6 million and the P/E ratio of the Company as implied by the Offer Price would be 7.0 times. However, such *pro forma* net profit is hypothetical and may not be a good basis to provide an estimated range of value for the Shares. We are not making any forecast on the future earnings of the Group.

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6.1.3 Enterprise value to earnings before interest, tax, depreciation and amortisation (“EV/EBITDA”) ratio implied by the Offer Price

We calculate the enterprise value (“EV”) of the Group as implied by the Offer Price as follows:

	S\$'000
Value of the Company as implied by the Offer Price	227,078
Add: Bank borrowings and lease liabilities	112,007 ⁽¹⁾
Add: Non-controlling interests	119,566 ⁽¹⁾
Less: Cash and cash equivalents	(104,372) ⁽²⁾
EV	354,279

Notes:

- (1) As at 30 June 2024.
- (2) After taking into account the net proceeds from the disposal of the Company's entire interest in UPP Greentech Pte. Ltd. The use of net proceeds by the Group to repay bank borrowings and lease liabilities, if any, will not affect the EV calculations as the bank borrowings and lease liabilities and the cash and cash equivalents would have decrease concurrently with such repayment.

EV/EBITDA ratio

Based on the above EV calculations and the Group's earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) of S\$49.7 million for LTM30Jun2024, the EV/EBITDA ratio of the Group implied by the Offer Price is approximately 7.1 times.

The Group had impairment losses of approximately S\$6.1 million and S\$14.5 million on its property, plant and equipment in FY2022 and FY2023 in relation to its Paper Mill Division. After excluding the impairment loss for LTM30Jun2024, the Group had adjusted EBITDA of S\$64.2 million for LTM30Jun2024. Based on the above EV calculations and the Group's adjusted EBITDA of S\$64.2 million for LTM30Jun2024, the EV/EBITDA ratio of the Group implied by the Offer Price is approximately 5.5 times.

We wish to highlight that the EBITDA of the Comparable Companies did not take into account their one-off gains or losses. Accordingly, for a more meaningful comparison, the EV/EBITDA set out in paragraph 6.4 of this IFA Letter is based on the EBITDA before adjustments or an EV/EBITDA ratio of 7.1 times.

Similarly, if we calculate a simple *pro forma* EBITDA of the Group by adding back the losses before tax of the Paper Mill Division and the Power Plant Division for LTM30Jun2024, the *pro forma* EBITDA of the Group would be S\$78.0 million and the EV/EBITDA ratio as implied by the Offer Price would be 4.5 times. However, such *pro forma* EBITDA is also hypothetical

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and may not be a good basis to provide an estimated range of value for the Shares. We are not making any forecast on the future earnings of the Group.

6.1.4 Outlook of the Group

Given that the Taiga Group shall be the remaining revenue generating business of the Group with the cessation of the Paper Mill Division with effect from 1 January 2025, we extract the following statements relating to the outlook of the Taiga Group from the Company's results announcement for HY2024 dated 13 August 2024:

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets in North America. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators. Taiga caters to both the primary housing and renovation markets. Taiga's primary and secondary markets are Canada and the United States respectively.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") in their Spring 2024 Housing Market Outlook, housing starts in Canada are expected to range between 215,989 and 232,267 in 2024 compared to 240,267 units in 2023. In the United States, the National Association of Home Builders reported in June 2024 that housing starts are forecasted to total 1,372,000 units in the 2024 calendar year compared to 1,421,000 units in calendar year 2023.

We also extract the following statements relating to the Taiga Group from Taiga's results announcement for the nine months ended 30 September 2024 ("9M30Sep2024") dated 8 November 2024:

Taiga's primary market is Canada. Taiga expects the Canadian housing market in calendar year 2024 to decline compared to calendar year 2023. Taiga's secondary market, the United States, is expected to worsen in 2024 compared to calendar year 2023.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") in their Spring 2024 Housing Market Outlook, housing starts in Canada are forecasted to range between 215,989 to 232,267 in 2024 compared to 240,267 in 2023. In the United States, the National Association of Home Builders reported in September 2024 that housing starts are forecasted to total 1,342,000 units in the 2024 calendar year compared to 1,421,000 units in calendar year 2023.

As set out above, while there is no change to the outlook of the primary market of the Taiga Group as at September 2024 as compared to June 2024, the outlook of the secondary market of the Taiga Group has a lower forecasted number as at September 2024 as compared to June 2024. Nevertheless, as a whole, the general sentiment of the markets for the Taiga Group for 2024 is less positive as compared to 2023.

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As mentioned in previous paragraphs, the Group had completed the disposal of its loss-making Power Plant Division in July 2024 and will cease the operations of the loss-making Paper Mill Division after the expiry of its gas supply contract on 31 December 2024. This may help the Group to retain most of the profit generated by the Taiga Group as almost 50% of the profits generated by the Taiga Group for FY2023 and LTM30Jun2024 were eroded by the losses incurred by the Paper Mill Division and the Power Plant Division.

6.2 THE FINANCIAL POSITION OF THE GROUP

6.2.1 Summary of latest statement of financial position

We set out below key information from the statement of financial position of the Group as at 30 June 2024:

S\$'000	Unaudited as at 30 June 2024
Current assets	529,137
Current liabilities	(151,835)
Net current assets	377,302
Non-current assets	198,851
Non-current liabilities	(99,977)
Net asset value ("NAV")	476,176
Less: Non-controlling interest	(119,566)
NAV attributable to Shareholders	356,610

6.2.2 NAV per Share

The NAV refers to the aggregate value of all the assets of the Group in their existing condition, net of non-controlling interests and all liabilities. It provides an estimate of the value of the Shares as at the latest published financial statements.

Shareholders should note that analyses based on the NAV attributable to Shareholders assumes the hypothetical value of the NAV per Share without considering factors such as, *inter alia*, realisable value of the assets, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, all of which would reduce the NAV distributable to Shareholders.

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Based on the total number of 908,313,642 Shares (excluding 41,831,700 Shares held in treasury) as at the Latest Practicable Date and the unaudited NAV attributable to Shareholders of approximately S\$356.6 million as at 30 June 2024, the NAV per Share as at 30 June 2024 was approximately S\$0.3926.

The Offer Price of S\$0.25 represents a discount of approximately S\$0.1426 or approximately 36.32% to the unaudited NAV per Share of S\$0.3926 as at 30 June 2024, or a price-to-NAV ("P/NAV") ratio of approximately 0.6 times.

6.2.3 Net tangible assets ("NTA") per Share

The Group had goodwill on consolidation and intangible assets aggregating approximately S\$44.0 million as at 30 June 2024. Please also refer to the paragraph below for further information on the Group's goodwill on consolidation which is identified as a material asset as at 30 June 2024.

Based on the total number of 908,313,642 Shares (excluding 41,831,700 Shares held in treasury) as at the Latest Practicable Date and the unaudited NTA attributable to Shareholders of approximately S\$312.6 million as at 30 June 2024, the NTA per Share as at 30 June 2024 was approximately S\$0.3442, or a price-to-NTA ("P/NTA") ratio of approximately 0.7 times.

6.2.4 Revalued NAV ("RNAV") per Share

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should have been valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 June 2024, and whether there are any factors that were announced by the Company after the announcement of the Group's results for HY2024 which are likely to impact its NAV as at 30 June 2024.

We set out in the table below the material assets which accounted for more than 5% of the NAV of the Group as at 30 June 2024:

	Unaudited as at 30 June 2024	
	S\$'000	As a percentage of the Group's NAV
Current assets – Trade receivables	208,569	43.80
Current assets – Inventories	194,031	40.75
Non-current assets – Property, plant and equipment	137,521	28.88

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	Unaudited as at 30 June 2024	
	S\$'000	As a percentage of the Group's NAV
Current assets – Cash and cash equivalents	92,209	19.36
Non-current assets – Goodwill on consolidation	31,548	6.63

Current assets – Trade receivables

The Group grants credit terms of between 30 and 120 days to its customers. We calculate the Group's trade receivables' turnover days ⁽¹⁾ to be approximately 36 days for HY2024, significantly higher than approximately 26 days for FY2023, approximately 21 days for FY2022 and approximately 22 days for FY2021. The higher trade receivables' turnover days for HY2024 was attributed to the higher trade receivables balances as at 30 June 2024 which the Company attributed to sale of larger quantities of building products by the Taiga Group during peak seasons in HY2024. Despite the significantly higher trade receivables' turnover days, the trade receivables' turnover days for HY2024 is still within the credit terms granted by the Group.

Note:

- (1) Calculated based on the average of the carrying value of trade receivables as at the beginning and end of period divided by revenue for the relevant financial year/period, then multiple by 365 days or 182 days, where applicable.

Current assets – Inventories

The Group's inventories are stated at the lower of cost and net realisable value, except for production consumables which are recorded at the lower of cost and replacement cost which approximates net realisable value.

We calculate the Group's inventories' turnover days ⁽¹⁾ to be approximately 46 days for HY2024, within the historical inventories' turnover days of approximately 51 days for FY2023, approximately 42 days for FY2022 and approximately 39 days for FY2021.

Note:

- (1) Calculated based on the average of the carrying value of inventories as at the beginning and end of period divided by cost of sales for the relevant financial year/period, then multiple by 365 days or 182 days, where applicable.

Non-current assets – Property, plant and equipment

Property, plant and equipment comprises mainly leasehold land, buildings and leasehold improvements; treating equipment, warehouse equipment and plant and machinery; freehold

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land; furniture, fixtures and office equipment; computer system and license and motor vehicles. Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. As mentioned in paragraph 6.1.3 of this IFA Letter, the Group had impairment losses of approximately S\$6.1 million and S\$14.5 million on its property, plant and equipment in relation to its Paper Mill Division in FY2022 and FY2023.

The Group had commissioned valuations of its freehold and leasehold properties in Malaysia (for the Paper Mill Division) and the United States (under the Taiga Group) for financial reporting and for financing purposes. We note that the valuations are within six months validity from the Latest Practicable Date. Based on the total market values of the Group's freehold and leasehold properties in Malaysia and the United States, and the carrying value of such assets as at 30 June 2024, we calculate the revaluation surplus (net of tax and value attributable to minority shareholders of Taiga) on the Group's freehold and leasehold properties in Malaysia and the United States to be approximately S\$30.2 million.

Current assets – Cash and cash equivalents

We set out a summary of the Group's cash flow statements for the past three (3) financial years and HY2024 as follows:

S\$'000	FY2021	FY2022	FY2023	HY2024
Net cash provided by / (used in) operating activities	128,158	54,554	110,097	(62,466)
Net cash used in investing activities	(1,479)	(5,422)	(17,860)	(1,281)
Net cash used in financing activities	(57,451)	(38,624)	(19,572)	(15,455)
Net increase/(decrease) in cash and cash equivalents	69,228	10,508	72,665	(79,202)

The negative cash flow in operating activities was attributable to a significant increase in trade receivables from approximately S\$118.3 million as at 31 December 2023 to approximately S\$208.6 million as at 30 June 2024. The Company attributed the higher trade receivables as at 30 June 2024 to sale of larger quantities of building products by the Taiga Group during peak seasons in HY2024. We note from past results announcements of Taiga that the Taiga Group generally experiences higher sales in the quarters ended 30 June and 30 September and reduced sales in the late fall and winter during its quarters ended 31 December and 31 March of each year.

As mentioned above, the Group had completed the disposal of its entire interest in UPP Greentech Pte. Ltd. in July 2024 and on 24 October 2024, the Company also announced the finalisation of settlement relating to the disposal. Based on the disclosed sums, we calculate

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the net cash proceeds received by the Group to be approximately S\$12.2 million and the Group would have adjusted cash and cash equivalents of approximately S\$104.4 million as at 30 June 2024.

Based on the total number of 908,313,642 Shares (excluding 41,831,700 Shares held in treasury) as at the Latest Practicable Date and the adjusted cash and cash equivalents of approximately S\$104.4 million as at 30 June 2024, the adjusted cash and cash equivalents per Share as at 30 June 2024 was approximately S\$0.1149.

Excluding the adjusted cash and cash equivalents per Share as at 30 June 2024 from the Offer Price and the NAV per Share, the ex-cash P/NAV ratio will be 0.5 times.

Shareholders may wish to note that approximately S\$82.4 million of cash and cash equivalents as at 30 June 2024 were under the Taiga Group and remittance of cash by Taiga to Avarga Canada Limited, then subsequently by Avarga Canada Limited to the Company in Singapore have tax implications.

Non-current assets – Goodwill on consolidation

The goodwill on consolidation is in relation to the acquisition of Taiga and Exterior Wood, Inc by the Group in previous financial years. The Group tested goodwill for impairment at the end of the reporting year annually. We note that there has been no impairment on the Group's goodwill on consolidation in the past three financial years.

Adjustments

In respect of the above material assets, we have sought the following confirmation from the Board of Directors and management, and they have confirmed to us that, as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) save for the market values as reported in valuation reports on the freehold and leasehold properties in Malaysia and the United States undertaken within the last six (6) months, there is no material difference between the realisable values of the Group's assets as at the Latest Practicable Date and their respective book values as at 30 June 2024 which would have a material impact on the NAV of the Group;
- (b) other than those already provided for or disclosed in the Group's financial statements as at 30 June 2024, there is no other contingent liability, bad or doubtful debt or material event which is likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Group;

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- (d) there is no other intangible asset which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (e) save for the net gain from the completion of the disposal of its entire interest in UPP Greentech Pte. Ltd. as announced in July and October 2024, and there are no material acquisitions or disposal of assets by the Group between 30 June 2024 and the Latest Practicable Date. While the Company has announced the cessation of the Paper Mill Division with effect from 1 January 2025, the Group does not have any plans, including any material disposal of the assets or conversion of the use of its assets in relation to the Paper Mill Division as at the Latest Practicable Date.

Based on the above, we compute the Group's RNAV as follows:

	S\$'000
Unaudited NAV attributable to Shareholders as 30 June 2024	356,610
Add: Gain on sale of UPP Greentech Pte. Ltd.	3,056
Add: Revaluation surpluses on the Group's freehold and leasehold properties in Malaysia and the United States	43,332
Less: Potential tax liabilities if the Group disposes the freehold and leasehold properties in Malaysia and the United States at market values ⁽¹⁾	(9,258)
Less: Revaluation surplus (net of tax) on the freehold and leasehold properties in the United States attributable to the minority shareholders of Taiga	(3,825)
RNAV	389,914

Note:

- (1) Potential tax liabilities for the freehold and leasehold properties in Malaysia is calculated based on 10% of the gain or 2% of gross proceeds, whichever higher, while the potential tax liabilities for the freehold and leasehold properties in the United States is calculated based on the United States' federal tax and California's corporate income tax aggregating 28% on the gain, as well as 5% withholding tax on gains remitted from the United States to Canada and 15% withholding tax on gains remitted from Canada to Singapore.

Based on the total number of 908,313,642 Shares (excluding 41,831,700 Shares held in treasury) as at the Latest Practicable Date and the unaudited RNAV attributable to Shareholders of approximately S\$389.9 million as at 30 June 2024, the RNAV per Share as at 30 June 2024 was approximately S\$0.4293, or a price-to-RNAV ("P/RNAV") ratio of approximately 0.6 times.

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Similarly, we wish to highlight that the above RNAV computation assumes the hypothetical sale of all the Group's assets (including the revalued assets at the market values opined by the valuers and the remaining assets at their respective carrying values as at 30 June 2024) without considering factors such as, *inter alia*, realisable value of the assets, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, all of which would reduce the RNAV distributable to Shareholders. The RNAV calculated above may not be a realisable value as the disposal values of the Group's assets are likely to vary depending on the prevailing market and economic conditions. There is no assurance that the revaluation surplus (net) realised by the Group on the revalued assets will be the same as the RNAV computation set out above and that the Group will be able to dispose the remaining assets at their respective carrying values.

6.3 MARKET PERFORMANCE OF THE SHARES

6.3.1 Historical closing price of the Shares

The following chart compares the Offer Price with the daily closing prices of the Shares for the period commencing from 9 November 2022 (which is the commencement date for the 24 months period prior to and including 8 November 2024, being the last undisturbed trading day (the "**Last Undisturbed Trading Day**") for the Shares immediately prior to the Offer Announcement Date) up to the Latest Practicable Date (the "**Reference Period**"):



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Source: Bloomberg Finance L.P.

There has been no change to the Company's issued and paid-up share capital comprising 908,313,642 Shares (excluding 41,831,700 Shares held in treasury) during the Reference Period.

As seen from the chart above, the Offer Price is above the closing prices of the Shares for the period from 12 November 2022 to the Last Undisturbed Trading Day and the Offer Announcement Date. The highest closing price for the Shares for the period from 12 November 2024 (being the date after the Offer Announcement Date) up to the Latest Practicable Date is S\$0.25, which is the same as the Offer Price.

We note that the Offer Price:

- (a) represents a premium of 21.95% to the closing price of S\$0.205 for each Share on the Last Undisturbed Trading Day;
- (b) represents a premium of 6.38% to the closing price of S\$0.235 for each Share on the Offer Announcement Date;
- (c) represents a premium of 8.70% to the highest closing price of S\$0.230 (on 17 market days where the Shares were traded on the SGX-ST ("**Trading Days**") for each Share and a premium of 51.52% to the lowest closing price of S\$0.165 (on 11 December 2023) for each Share in the 24-month period prior to and including the Last Undisturbed Trading Day; and
- (d) the same as the highest closing price of S\$0.25 for each Share for the period after the Offer Announcement Date up to the Latest Practicable Date. We note that the Shares only closed at S\$0.25 for five (5) out of the 18 Trading Days in the period after the Offer Announcement Date up to the Latest Practicable Date.

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6.3.2 Trading statistics of the Shares

We tabulate below selected statistical information on the share price and trading liquidity of the Shares during the Reference Period:

	VWAP ⁽¹⁾ (S\$)	Premium of Offer Price to VWAP (%)	Highest trading price (S\$)	Lowest trading price (S\$)	Average daily traded volume ⁽²⁾	Average daily traded volume as percentage of free float ⁽³⁾ (%)
<u>Periods prior to and including 8 November 2024</u>						
Last 24 months	0.1909	30.96	0.235	0.164	121,554	0.03
Last 12 months	0.1868	33.83	0.220	0.164	174,140	0.04
Last six (6) months	0.1978	26.39	0.210	0.181	138,853	0.03
Last three (3) months	0.2013	24.19	0.210	0.185	152,903	0.04
Last one (1) month	0.2021	23.70	0.210	0.188	149,615	0.04
The Last Undisturbed Trading Day	0.2047	22.13	0.205	0.198	347,600	0.08
The Offer Announcement Date	0.2222 ⁽⁴⁾	12.51	0.240	0.205	1,340,100 ⁽⁴⁾	0.32 ⁽⁴⁾
<u>Period after the Offer Announcement Date</u>						
12 November 2024 to the Latest Practicable Date, both dates inclusive	0.2452	1.96	0.250	0.245	741,489	0.17
The Latest Practicable Date	0.2450	2.04	0.245	0.245	111,400	0.03

Source: Bloomberg Finance L.P.

Notes:

- (1) "VWAP" means volume weighted average price and is stated at four (4) decimal places in the above table.

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- (2) The average daily traded volumes of the Shares are calculated based on the total number of Shares traded (excluding Shares transacted under married deals and the 183,246,925 Shares which is the subject of the Acquisition) and the Trading Days during those periods.
- (3) Free float is calculated based on the difference between (i) the total number of 908,313,642 issued Shares; and (ii) the 484,393,925 held by the Relevant Persons (as set out in paragraph 5.2 of this IFA Letter) as at the Latest Practicable Date.
- (4) The VWAP and volume traded on 11 November 2024 as set out in the table above excludes the 183,246,925 Shares which was the subject of the Acquisition.

We note the following with regards to the trading prices of the Shares:

- (a) the Offer Price represents premia of between 23.70% and 33.83% to the VWAPs of the Shares for the various periods prior to and including the Last Undisturbed Trading Day and premia of 22.13% and 12.51% to the VWAPs of the Shares on the Last Undisturbed Trading Day and the Offer Announcement Date as set out in the table above;
- (b) the Offer Price represents a premium of 6.38% to the highest trading price of S\$0.235 per Share and a premium of 52.44% to the lowest trading price of S\$0.164 per Share for the 24 months period prior to and including the Last Undisturbed Trading Day. The highest trading price of S\$0.235 per Share for the aforesaid period occurred on 18 November 2022 while the lowest trading price of S\$0.164 occurred on 26 January 2024;
- (c) the Offer Price represents a premium to the VWAP of the Shares for the period between 12 November 2024 and the Latest Practicable Date, and the VWAP of the Shares for the Latest Practicable Date.

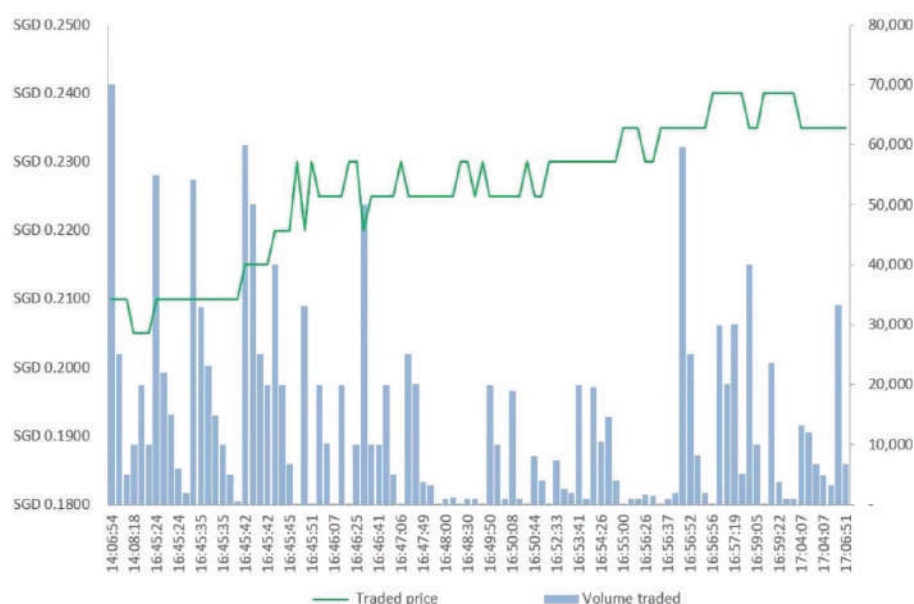
We note the following on the trading liquidity of the Shares:

- (i) save for the Last Undisturbed Trading Day, the average daily traded volumes of the Shares for all the periods prior to and including the Last Undisturbed Trading Day amounted to less than 180,000 Shares or a maximum of 0.04% of the free float of the Company;
- (ii) a total of 347,600 Shares were traded on the Last Undisturbed Trading Day which was almost double of the highest average daily traded volume of 174,140 Shares for the 12 months period prior to and including the Last Undisturbed Trading Day while a total of 1,340,100 Shares were traded on the Offer Announcement Date. We set

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out the intraday traded prices and volume of the Shares for Shareholders' reference as follows:



As set out in the chart above, the trading price of the Shares gradually increased after 4:45:42 pm on the Offer Announcement Date. A total of 959,100 Shares were traded between 4:45:42 pm and 5:06:51 pm on the Offer Announcement Date;

- (iii) the average daily traded volume of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date amounted to 741,489 Shares or 0.17% of the free float of the Company; and
- (iv) save for the 24 months period prior to and including the Last Undisturbed Trading Day where the Shares were only traded on 89% of the market days which the SGX-ST were open for trading ("**SGX Market Days**"), the Shares were traded on 90% or more SGX Market Days for the 12 months, six (6) months, three (3) months and one (1) month periods prior to and including the Last Undisturbed Trading Day.

While the average daily traded volume of the Shares represented less than 0.05% of the free float of the Company for the periods prior to and including the Last Undisturbed Trading Day, the Shares were traded for on 89% or more SGX Market Days, which provide a fairly good basis of the fair value of the Shares. However, given the latest announcement by the Company on 29 November 2024 to cease the operations of its loss-making Paper Mill Division upon the expiry of its gas supply contract for the plant after 31 December 2024, the

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historical market performance while relevant, may not be fully reflective of the fair value of the Shares as the market may not have reacted to the latest development.

Nevertheless, as noted above, the highest closing prices of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date was equal to and did not exceed the Offer Price, implying that the market prices of the Shares have been supported by the Offer. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will maintain at the level for the period after the Offer Announcement Date up to the Latest Practicable Date, after the close of the Offer.

Shareholders are also advised that the past trading performance of the Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.

6.4 COMPARISON OF THE VALUATION RATIOS OF THE COMPANY IMPLIED BY THE OFFER PRICE AGAINST THOSE OF COMPARABLE COMPANIES

For the purposes of assessing the valuation ratios of the Company as implied by the Offer Price, we have considered comparing the valuation ratios of the Company as implied by the Offer Price with valuation ratios of listed companies whose business are broadly comparable with the Group.

As set out in paragraph 4 of this IFA Letter, with the impending cessation of the operations of the loss-making Paper Mill Division as announced on 29 November 2024 and the completion of the disposal of the Power Plant Division in July 2024, the Group's financial statements will be largely similarly to the Taiga Group as the Group consolidates the financial of the Taiga Group but the Group will have to attributable 28.0% of the profits and NAV of the Taiga Group to the minority shareholders of Taiga, accordingly, the net profit adopted for the P/E ratio of the Group will be lower than those of the Taiga Group (for as long as the Taiga Group reports profits).

In our search for comparable companies, we have not identified any companies engaged in the distribution of building products similar to the Taiga Group and listed on the SGX-ST. Nevertheless, as Taiga is listed on the Toronto Stock Exchange, we have compared the valuation ratios of the Company as implied by the Offer Price with valuation ratios of the Taiga Group as well as listed companies engaged in similar business and listed in North America (the "**Comparable Companies**"), where the Taiga Group principally operates. For a more meaningful comparison, we have excluded two (2) listed companies with market capitalisation above S\$4 billion.

We had discussions with management about the suitability and reasonableness of the Comparable Companies. We wish to highlight that the Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies,

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risk profile and other relevant criteria. Furthermore, these Comparable Companies are listed on foreign exchanges which may have different investors' sentiments and profile, and the valuations which investors may accord to companies listed there vis-à-vis the SGX-ST may differ significantly. Therefore, any comparison made here is necessarily limited and it may be difficult to place reliance on the comparison of valuation for the Comparable Companies. Therefore, any comparison made serves only as an illustrative guide.

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

Comparable Companies	Listing location	Brief business description	Market capitalisation as at the Latest Practicable Date
			(1) (2) (S\$ million)
ADENTRA Inc	Toronto	ADENTRA Inc. wholesales hardwood lumber, plywood and related products. The company distributes architectural products to fabricators, home centers, and professional dealers. ADENTRA Inc. serves customers in North America	937.0
BlueLinx Holdings Inc	New York	BlueLinx Holdings Inc is a wholesale distributor of building and industrial products in the United States of America ("USA") with branded and private-label products, and a broad distribution footprint. The company is headquartered Marietta, Georgia, USA and distributes structural and specialty products to national, regional, local dealers, specialty distributors, national home centers, industrial, and manufactured housing customers.	1,432.1
Doman Building Materials Group Ltd.	Toronto	Doman Building Materials Group Ltd. wholesales and distributes building materials. The company distributes hardware, building materials, lumber, and renovation products. Doman Building Materials Group Ltd. serves customers in Canada.	788.2

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Comparable Companies	Listing location	Brief business description	Market capitalisation as at the Latest Practicable Date
			(1) (2) (S\$ million)
Goodfellow Inc	Toronto	Goodfellow Inc. distributes and remanufactures sawn timber, lumber, prefinished and unfinished flooring, wood panel products and wood products provided by kiln drying, wood preservation and milling.	109.5
The Taiga Group	Toronto	Taiga Building Products Ltd. is a wholesale distributor of lumber, panel products, and related building materials. The company operates distribution centers across Canada. As mentioned in earlier paragraph of this IFA Letter, Taiga is a 71.99%-owned indirect subsidiary of the Company.	388.1

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

Notes:

- (1) Market capitalisation of the Comparable Companies is calculated based on their respective closing prices as at the Latest Practicable Date.
- (2) Translated to Singapore dollars based on the closing exchange rate of one (1) Singapore dollar to US\$0.7448 and CAD1.0542 as at the Latest Practicable Date. US\$ and CAD refer to the United States dollars and Canadian dollars respectively.

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For the comparison with the Comparable Companies, we have referred to the following valuation ratios:

Valuation ratio	General description
EV/EBITDA ratio	<p>The formula for EV is the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents.</p> <p>The "EV/EBITDA" ratio is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.</p>
P/E ratio	<p>The P/E ratio illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The P/E ratio is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.</p>
P/NAV ratio	<p>P/NAV ratio illustrates the ratio of the market price of a company's share relative to its asset backing as measured in terms of its historical consolidated NAV per share as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.</p>

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Valuation ratio	General description
P/NTA ratio	P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies.
Gearing ratio	Gearing ratio illustrates the ratio of a company's total borrowings relative to its total equity. It demonstrates the degree to which a company's activities are funded by shareholders' funds versus creditors' funds.

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

Comparable Companies	Net profit / (loss) attributable to equity holders ⁽¹⁾ (S\$m)	EV/ EBITDA ⁽¹⁾⁽²⁾ (times)	P/E ⁽¹⁾ (times)	P/NAV ⁽¹⁾ (times)	P/NTA ⁽¹⁾ (times)	Gearing ⁽¹⁾ (times)
ADENTRA Inc	63.0	7.5	14.8	1.1	6.0	1.0
BlueLinx Holdings Inc	39.8	8.0	35.9	1.6	1.9	1.0
Doman Building Materials Group Ltd.	55.6	8.4	14.7	1.4	12.1	1.1
Goodfellow Inc	12.9	5.1	8.8	0.6	0.6	0.2
The Taiga Group	49.6	4.3	8.1	0.9	1.0	0.2
Maximum		8.4	35.9	1.6	12.1	1.1
Minimum		4.3	8.1	0.6	0.6	0.2
Mean		6.7	16.5	1.1	4.3	0.7

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Comparable Companies	Net profit / (loss) attributable to equity holders ⁽¹⁾ (S\$m)	EV/ EBITDA ⁽¹⁾⁽²⁾ (times)	P/E ⁽¹⁾ (times)	P/NAV ⁽¹⁾ (times)	P/NTA ⁽¹⁾ (times)	Gearing ⁽¹⁾ (times)
Median		7.5	14.7	1.1	1.9	1.0
The Company (Based on the Offer Price)	9.1	7.1 ⁽³⁾	25.0 ⁽³⁾	0.6 ⁽³⁾	0.7 ⁽³⁾	0.2

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

Notes:

- (1) The ratios are calculated based on the latest available last 12 months ("LTM") results of the Comparable Companies (including Taiga based on LTM ended 30 September 2024) as announced by the respective companies on or prior to the Latest Practicable Date. Profit and loss numbers are translated based upon the average exchange rates prevailing during the corresponding LTM periods while balance sheet numbers are translated based upon the closing exchange rates as at the end of the financial periods for each respective company.
- (2) For comparison purposes, the EBITDA applied for the calculation of EV/EBITDA ratios in this paragraph are based on the EBITDA extracted from Bloomberg Finance L.P..
- (3) Please refer to paragraphs 6.1.2, 6.1.3, 6.2.2 and 6.2.3 of this IFA Letter for the P/E ratio, the EV/EBITDA ratio, the P/NAV ratio and the P/NTA ratio respectively of the Company as implied by the Offer Price.

Based on the above table, we note that:

- (a) the EV/EBITDA ratio of the Company as implied by the Offer Price is within the range of the Comparable Companies, higher than the mean EV/EBITDA ratio but lower than the median EV/EBITDA ratio of the Comparable Companies;
- (b) the P/E ratio of the Company as implied by the Offer Price is within the range of the Comparable Companies and higher than the mean and median P/E ratios of the Comparable Companies;
- (c) the P/NAV ratio and P/NTA ratio of the Company as implied by the Offer Price is within the range but at the lower end of the range of the corresponding ratios of the Comparable Companies; and
- (d) the gearing ratio of the Group as at the end of its latest reported financial period is better than most of its Comparable Companies.

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As mentioned in earlier paragraphs of this IFA Letter, Taiga is a 71.99%-owned indirect subsidiary of the Company. For a more meaningful comparison, we compare the valuation ratios of the Group and the Taiga Group based on their results for the same LTM30Jun2024 as follows:

	Market capitalisation (S\$'m)	Net profit / (loss) attributable to equity holders (S\$'m)	EV/ EBITDA (⁽¹⁾ times)	P/E (times)	P/NAV (times)	P/NTA (times)	Gearing (times)
The Company (Based on the Offer Price)	227.1	9.1	7.1	25.0	0.6	0.7	0.2
The Taiga Group (based on its closing price as at the Latest Practicable Date)	388.1	57.2	5.1	7.1	1.0	1.0	0.2

Note:

(1) Based on the EBITDA extracted from Bloomberg Finance L.P..

The Group's net profit attributable to Shareholders for LTM30Jun2024 was much lower than the net profit of the Taiga Group attributable to its equity holders for LTM30Jun2024 due to the losses incurred by the Group's Paper Mill Division and Power Plant Division. Please refer to paragraph 6.1.1 of this IFA Letter for our reconciliation of the Group's profit before tax and the Taiga Group's profit before tax.

As a result of the lower net profit and EBITDA reported by the Group due to the losses incurred by the Group's Paper Mill Division and Power Plant Division for LTM30Jun2024, the earnings based ratios (namely EV/EBITDA ratio and P/E ratio) of the Company implied by the Offer Price are higher than those of the Taiga Group while the assets based ratios (namely the P/NAV ratio and the P/NTA ratio) of the Company implied by the Offer Price are below those of the Taiga Group. As mentioned in earlier paragraphs of this IFA Letter, we had calculated a simple *pro forma* net profit attributable to equity holders of the Company and a simple *pro forma* EBITDA of the Group generating a *pro forma* P/E ratio and a *pro forma* EV/EBITDA ratio of 7.0 times and 4.5 times respectively, both of which are lower than the corresponding ratios of the Comparable Companies. However, such *pro forma* net profit and EBITDA are hypothetical and accordingly, the *pro forma* P/E ratio and EV/EBITDA ratio may not be meaningful to the Shareholders.

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6.5 COMPARISON OF THE VALUATION STATISTICS OF THE COMPANY IMPLIED BY THE OFFER PRICE WITH RECENTLY COMPLETED COMPARABLE TRANSACTIONS OF COMPANIES LISTED ON THE SGX-ST

We note from the Offer Document that, while the Offeror is making the Offer in compliance with Section 139 of the Securities and Futures Act 2001 of Singapore and Rule 14 of the Code, the Offeror does not intend to preserve the listing status of the Company on the SGX-ST following completion of the Offer and intends to exercise its rights of compulsory acquisition if the relevant acceptance threshold is achieved. Conversely, the Offeror also intends to undertake and/or support any action as may be necessary for any trading suspension by SGX-ST to be lifted if the relevant acceptance threshold is not achieved and the trading of the Shares is suspended due to the lack of free float.

Therefore, in our evaluation of the Offer Price, we have compared the valuation statistics implied by the Offer Price with (a) privatisation offers (including delisting whether by exit offer or scheme of arrangement) of companies listed on the SGX-ST (the “**Precedent Privatisation Offers**”) which were announced since 1 January 2022 and successfully delisted from the SGX-ST as at the Latest Practicable Date; and (b) non-privatisation offers where the offeror already have control of the offeree company (the “**Precedent Non-Privatisation Offers**”) which were announced since 1 January 2020 and completed as at the Latest Practicable Date with the shares of the offeree companies remained listed and traded on the SGX-ST. We have extended the period of Precedent Non-Privatisation Offers as there were limited comparable transactions for the period between 1 January 2022 and the Latest Practicable Date.

The comparison serves as a general indication of the premium over the last transacted prices and VWAPs paid by the offerors to privatise the offeree companies or increase its stake in the offeree companies without having regard to their specific industry characteristics and other considerations, including but not limited to the underlying financial performance and financial position of the offeree company, the potential synergy that the offeror can gain by acquiring the offeree company, prevailing market conditions and sentiments, existing interest held by the offeror in the offeree company. The comparison below is also made without taking into consideration the market performance and liquidity of the shares of the offeree companies. Hence, the comparison below is for illustration purposes only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Shares.

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6.5.1 The Precedent Privatisation Offers

The statistics of the Precedent Privatisation Offers are as follows:

Name of companies	Date of announcement	Type ⁽¹⁾	Premium / (Discount) of offer price over/(to):				Offer price-to-NAV or RNAV ⁽²⁾ (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
Second Chance Properties Ltd	10-Jul-24	VGO	39.5	40.9	37.0	33.3	1.0
RE&S Holdings Limited	19-May-24	SOA	56.5	65.1	50.0	45.2	1.9
Isetan (Singapore) Limited	01-Apr-24	SOA	153.5	173.5	171.1	168.9	0.7
Best World International Limited	22-Mar-24	VD	46.3	47.1	46.3	48.8	1.9
Boustead Projects Limited	14-Nov-23	DD	23.6	51.1	50.1	45.9	0.6
Healthway Medical Corporation Limited	03-Jul-23	VD	45.5	45.0	44.1	39.9	1.1
LHN Logistics Limited	04-Jun-23	VGO	34.9	35.7	39.0	44.3	2.0
Sysma Holdings Limited	01-Jun-23	VGO	34.4	39.8	34.2	30.5	0.7
Challenger Technologies Limited	30-May-23	VGO	9.1	10.5	11.9	14.3	1.5
Lian Beng Group Ltd	11-Apr-23	VGO	19.3	27.0	28.5	29.9	0.4
Global Palm Resources Holdings Limited	29-Mar-23	VGO	93.8	86.6	70.1	70.1	0.8
G. K. Goh Holdings Limited	28-Feb-23	VGO	38.5	38.8	39.2	37.6	1.0
Global Dragon Limited	10-Feb-23	VGO	14.3	15.4	22.4	17.6	0.7
Chip Eng Seng Corporation Ltd.	24-Nov-22	MGO	5.6	13.1	26.5	33.7	0.6

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Premium / (Discount) of offer price over/(to):

Name of companies	Date of announcement	Type ⁽¹⁾	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV ⁽²⁾ (times)
Golden Energy and Resources Limited	09-Nov-22	VD	15.8	23.0	44.6	48.3	4.5
Colex Holdings Limited	17-Oct-22	SOA	25.0	13.9	13.3	(14.5)	1.6
Informatics Education Limited	17-Oct-22	DD	37.5	8.9	4.8	(6.0)	Negative
Asian Healthcare Specialists Limited	06-Oct-22	VGO	17.5	18.3	21.3	22.3	2.1
MS Holdings Limited	03-Oct-22	VGO	16.7	NIL. No trading for one month	25.2	25.5	0.5
Moya Holdings Asia Limited	14-Sep-22	VD	41.5	43.8	48.4	48.4	1.4
Singapore Medical Group Limited	13-Sep-22	VGO	23.1	28.1	28.9	25.8	1.1
Memories Group Ltd	12-Sep-22	VD	34.3	67.3	72.2	74.7	1.0
Silkroad Nickel Ltd	09-Sep-22	VGO	2.4	5.4	5.1	(5.5)	5.1
SP Corporation Limited	20-Aug-22	SOA	169.5	163.7	162.8	156.9	1.0
GYP Properties Limited	09-Jul-22	VGO	34.2	37.9	33.3	28.2	0.7
Allied Technologies Limited	17-Jun-22	VGO	Suspended for trading since May 2019				0.4
T T J Holdings Limited	20-May-22	VGO	36.1	33.6	28.8	28.0	0.6
Hwa Hong Corporation Limited	17-May-22	VGO	37.9	36.1	32.0	22.0	0.8
Excelpoint Technology Limited	13-Apr-22	SOA	21.4	36.6	31.3	45.9	1.6
Singapore O&G Ltd	07-Mar-22	VGO	18.0	14.8	12.2	11.3	3.6

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Premium / (Discount) of offer price over/(to):

Name of companies	Date of announcement	Type ⁽¹⁾	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price-to-NAV or RNAV ⁽²⁾ (times)
Shinvest Holding Ltd.	16-Feb-22	VGO	12.9	8.5	10.2	10.1	0.7
Maximum			169.5	173.5	171.1	168.9	5.1
Minimum			2.4	5.4	4.8	(14.5)	0.4
Mean			38.6	42.4	41.5	39.4	1.4
Median			34.3	36.1	32.7	31.9	1.0
The Company	11-Nov-24	MGO	22.0	23.7	24.2	26.4	0.6⁽³⁾

Source: The offeree circulars of the respective companies.

Notes:

- (1) VD – Voluntary Delisting; VGO – Voluntary General Offer; SOA – Scheme of Arrangement; and MGO – Mandatory General Offer.
- (2) Based on the NAV per share or adjusted NAV or RNAV per share, where available, as published in the independent financial adviser's letter set out in respective circular of the offeree companies.
- (3) Based on the P/RNAV ratio set out in paragraph 6.2.4 of this IFA Letter.

The premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV per Share or RNAV per Share are all within the range but lower than the mean and median corresponding premia of the Precedent Privatisation Offers.

6.5.2 The Precedent Non-Privatisation Offers

As mentioned above, the Precedent Non-Privatisation Offers relates to offers where the offeror already had control of the offeree company when it launched the general offer and such offers were announced since 1 January 2020 and completed as at the Latest Practicable Date with the shares of the offeree companies remained listed and traded on the SGX-ST after the offer. For a more meaningful comparison, we have only included Precedent Non-Privatisation Offers where the independent financial adviser to the independent directors of the offeree companies opined the offer as “**Fair and Reasonable (“F&R”)**” or

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“Not Fair but Reasonable (“NFBR”). The statistics of the Precedent Non-Privatisation Offers are as follows:

Name of offeree companies / IFA opinion	Date of announcement ⁽¹⁾	Circumstances	Premium / (Discount) of offer price over/(to):				Offer price-to-NAV or RNAV ⁽³⁾ (times)
			Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	
TEE Land Limited / F&R	13-Jan-20	The offeror acquired 68.8% interest in offeree company	5.9	12.1	19.6	20.4	0.6
Axington Inc. / F&R	2-Jun-20	The offeror acquired 66.9% interest in offeree company	43.5	40.1	41.3	78.6	1.3
Transit-Mixed Concrete Ltd / F&R	20-Feb-21	The offeror acquired 71.4% interest in offeree company	75.0	85.9	88.9	75.0	0.9
JEP Holdings Limited / F&R	21-Apr-21	The offeror and concert parties' interest in the offeree company increased from 40.7% to 53.8%	-	0.7	1.3	1.7	1.4
NSL Ltd. / NFBR	23-Jul-24	The offeror acquired 71.4% interest in offeree company	7.1	10.1	5.3	4.2	0.9
Maximum			75.0	85.9	88.9	78.6	1.4
Minimum			5.9	0.7	1.3	1.7	0.6
Mean			32.9	29.8	31.3	36.0	1.0
Median			25.3	12.1	19.6	20.4	0.9
The Company	11-Nov-24	The offeror and concert parties' interest in the offeree company increased from 33.1% to 53.0%	22.0	23.7	24.2	26.4	0.6 ⁽³⁾

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The premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV per Share or RNAV per Share are all within the range but lower than the mean corresponding premia of the Precedent Non-Privatisation Offers.

The premia of the Offer Price over the 1-month VWAP, 3-month VWAP and 6-month VWAP are higher than the median corresponding premia of the Precedent Non-Privatisation Offers.

6.6 DIVIDEND TRACK RECORD OF THE COMPANY

The Company last declared an interim dividend of S\$0.0042 per Share on 14 August 2021. For FY2021, the Company declared and paid total interim dividends of S\$0.0084 per Share.

The Company currently does not have a fixed dividend policy since the cancellation of its dividend policy as announced on 26 February 2022. No dividend has been declared for FY2022, FY2023 and the period from 1 January 2024 to the Latest Practicable Date.

As set out in paragraph 4 of this IFA Letter, with the cessation of the Paper Mill Division as announced on 29 November 2024 and the completion of the disposal of the Power Plant Division in July 2024, the Taiga Group will be the main revenue generating business division of the Group.

In our review of the Group's financial results, we note that almost 80% of the Group's cash and cash equivalents as at 30 June 2024 are held under the Taiga Group.

Accordingly, as at the Latest Practicable Date, any future dividends of the Company will be dependent on:

- (a) the dividends declared and paid by Taiga; and
- (b) cash earnings generated by the Company from the utilisation of the Company's cash (including the proceeds from the disposal of UPP Greentech Pte. Ltd.).

We set out the dividend track record of Taiga for the last 10 financial years as follows:

Date	Type	Dividend amount for each ordinary share in the capital of Taiga ("Taiga Shares")	Average closing price of Taiga Shares
November 2023	Special	CAD0.2316	FY2023 – CAD2.8490
February/March 2021	Special	CAD0.2764	FY2021 – CAD2.6347

We note that Taiga also does not have a fixed dividend policy and there is no assurance that Taiga will continue to declare special dividends in the future. However, we wish to highlight that the Taiga Group had cash and cash equivalents of approximately CAD174.4 million as

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at 30 September 2024 as compared to CAD83.2 million as at 30 June 2024. We note from Taiga's results announcement for 9M30Sep2024 that the higher cash and cash equivalents balances as at 30 September 2024 was attributed to lower trade receivables and lower inventories as at 30 September 2024 as compared to 30 June 2024.

Shareholders may also wish to note that remittance of cash by Taiga to Avarga Canada Limited and subsequently by Avarga Canada Limited to the Company may have tax implications, such as a 15% withholding tax imposed by the Canadian government on the amount paid by a Canadian company to its overseas shareholders.

6.7 ESTIMATED RANGE OF VALUES FOR THE SHARES

We have considered various factors in our evaluation of the Offer Price in the preceding paragraphs of this IFA Letter.

As set out in paragraph 6.3.3 of this IFA Letter, while the daily volume of Shares traded were low, there were trades almost daily. Accordingly, the historical market performance of the Shares would be a fair reflection of the values of the Shares. However, given the latest announcement by the Company to cease the operations of its loss-making Paper Mill Division upon the expiry of its gas supply contract for the plant after 31 December 2024, the historical market performance while relevant, may not be fully reflective of the latest changes as at the Latest Practicable Date.

We have also considered the valuation ratios of the Comparable Companies set out in paragraph 6.4 of this IFA Letter. While the P/NAV ratio and P/NTA ratio of the Company as implied by the Offer Price is below the mean and median corresponding ratios of the Comparable Companies, the P/E ratio and EV/EBITDA ratio of the Company as implied by the Offer Price is above the mean and median corresponding ratios of the Comparable Companies. However, the net profit and EBITDA of the Group for LTM30Jun2024 included the losses incurred by the Paper Mill Division which will cease operations after 31 December 2024 and the Power Plant Division which was disposed of in July 2024. The P/E ratio and EV/EBITDA ratio of the Company as implied by the Offer Price based on the *pro forma* net profit and *pro forma* EBITDA after excluding the losses incurred by the Paper Mill Division and the Power Plant Division would be lower than the mean and median corresponding ratios of the Comparable Companies. We wish to emphasize that the *pro forma* net profits and EBITDA calculations simply exclude the losses incurred by the Paper Mill Division and the Power Plant Division. Such adjustments are hypothetical and have its limitation.

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Another approach we have considered to the sum of parts of the realisable values of the key segmental net assets of the Group as follows:

Segments	Segmental NAV as at 30 June 2024 (S\$'million)	Adjustments	Realisable value (S\$'million)
The Taiga Group	326.9 ⁽¹⁾	Accounted for based on the 77,708,814 Taiga Shares held by the Group and the closing price of CAD3.79 per Taiga Share as at the Latest Practicable Date. Please also see other adjustments in the note below ⁽²⁾	207.2
Paper Mill Division	26.2	Asset approach as it is ceasing operations. We added revaluation surplus (net of tax) of the freehold and leasehold properties in Malaysia to the segmental NAV and applied the range of P/NAV ratios of the listed comparable companies ⁽³⁾ of the Paper Mill Division as at the Latest Practicable Date	18.7 to 37.3
Power Plant Division	9.1	Added net gain from disposal and reflected as cash	12.1
Others	(5.7)	No adjustment	(5.7)
Total			<u>232.4 to 251.0</u>

Notes:

- (1) Being segmental NAV of the Taiga Group as reflected in the Company's results announcement for HY2024 net of non-controlling interest.
- (2) We have also applied (i) total corporate income tax rate (comprising federal and provincial corporate income tax rate) of 27% on the potential capital gain that may be recorded by Avarga Canada Limited on the sale of all the Taiga Shares held by Avarga Canada; (ii) that 66.7% of the capital gain on sale of Taiga Shares will be taxable; (iii) that Avarga Canada Limited will have capital gain of CAD198 million if it is able to sell its Taiga Shares at the closing price of CAD3.79 on the Latest Practicable Date; (iv) the closing exchange rate of S\$1.00 to CAD1.0542 as at the Latest Practicable Date as extracted from Bloomberg Finance L.P.; and (v) a 15% withholding tax imposed by the Canadian government on the amount paid by a Canadian company to its overseas shareholders.

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- (3) The four comparable companies are Hai Phong Hoang Ha Paper Joint Stock Company listed in Ho Chi Minh as well as PT Indah Kiat Pulp & Paper Tbk, PT Pabrik Kertas Tjiwi Kimia Tbk and PT Toba Pulp Lestari Tbk listed in Indonesia. The P/NAV ratios of these companies range from 0.4 times to 0.8 times with an average P/NAV ratio of 0.5 times.

Based on the above calculations and the total number of 908,313,642 Shares (excluding 41,831,700 Shares held in treasury) as at the Latest Practicable Date, the estimated range of values for each Share is between S\$0.256 and S\$0.276.

Shareholders may wish to note that the above estimated range of values for the Shares is only theoretical. As mentioned above, it assumes that (a) the Group can divest all of its Taiga Shares at the closing price as at the Latest Practicable Date regardless of the liquidity of Taiga Shares; (b) the capital gain calculated above does not take into account any other cost of investment recognised by Avarga Canada Limited which may help to reduce the capital gain and consequently the taxable capital gain income; (c) the maximum corporate income tax rate in Canada (comprising both federal and provincial tax rate) of 27% is applied on 66.67% of the capital gain; and (d) a 15% withholding tax imposed by the Canadian government on the amount paid by a Canadian company to its overseas shareholders and no further tax is imposed by the Singapore government on the foreign dividends received by the Company.

In addition, the above realisable value does not take into account the cost of cessation of operations of the Paper Mill Division. We understand from the Company that the Paper Mill Division had under-utilised the gas committed under its gas supply contract for its plant in Ijok. Consequently, the Group will need to compensate the gas supplier an amount to be determined after the expiry of the contract. The Paper Mill Division also needs to provide retrenchment benefits for its employees as it slowly winds up the business in FY2025. These expenses will affect the realisable value of the NAV of its Paper Mill Division.

Shareholders may also wish to note that the above estimated range of values for the Shares is computed as if the Company liquidates all its assets to become a cash company. As set out in paragraph 6.1 of this IFA Letter, the Taiga Group contributed more than 90% of the Group's total revenue since it became a subsidiary of the Group in FY2017. We note from the public documents of Taiga that the Taiga Group had a profitable track record for its last 10 financial years. While we are unable to determine a meaningful estimated range of values for the Shares based on the valuation statistics of the Comparable Companies, mainly because (i) the Group's net profit attributable to Shareholders for LTM30Jun2024 included the losses of the Paper Mill Division and the Power Plant Division; and (ii) the Comparable Companies are listed on foreign exchanges which may have different investors' sentiments and profile, and the valuations which investors may accord to companies listed there vis-à-vis the SGX-ST may differ significantly, the above estimated range of values for the Shares provides a reference for the Shareholders to determine a base value for the Shares.

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We also set out the historical closing prices of the Taiga Shares for the period from 2 January 2017 (as the Group completed its acquisition of Taiga Shares on 31 January 2017) to the Latest Practicable Date for the Shareholders' reference as follows:



We also set out the highest and lowest closing prices as well as the average daily traded volume of the Taiga Shares for the abovementioned periods as follows:

	Highest closing price for each Taiga Share (CAD)	Lowest closing price for each Taiga Share (CAD)	Total Taiga Shares traded for the period
Calendar year 2017	1.650	0.980	9,585,555
Calendar year 2018	1.740	1.100	6,335,548
Calendar year 2019	1.160	0.890	6,504,651
Calendar year 2020	2.300	0.640	10,358,268
Calendar year 2021	3.390	2.170	16,260,381
Calendar year 2022	3.040	2.250	4,378,208
Calendar year 2023	3.240	2.510	4,679,404
2 January 2024 to the Latest Practicable Date	4.100	2.850	2,367,109

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Source: Bloomberg Finance L.P.

Shareholders should also note that the past trading performance of the Taiga Shares should not, in any way, be relied upon as an indication or promise of its future trading performance.

6.8 OTHER CONSIDERATIONS

6.8.1 The Offer is unconditional in all respect

The Offer is unconditional in all respect and Shareholder who validly tenders its/his/her Offer Shares in acceptance of the Offer can expect to receive payment in respect of its/his/her acceptance within seven (7) business days from the date of receipt of the acceptance forms by CDP or the Offeror.

6.8.2 No revision of the Offer Price

As set out in Section 2.3 of the Offer Document, the Offer Price is final and the Offeror does not intend to increase the Offer Price, save that the Offeror reserves the right to revise the terms of the Offer in accordance with the Code if a competitive situation arises. Given that the

6.8.3 Alternative takeover offer

The Directors confirm that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

6.8.4 Offeror's intention relating to the listing status of the Company and control of the Company

As set out in Section 9.2 of the Offer Document, the Offeror does not intend to preserve the listing status of the Company on the SGX-ST following completion of the Offer.

However, in the event that the Offeror (i) does not become entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders who have not accepted the Offer, or (ii) is unable to seek a voluntary delisting of the Company, and the total number of issued Shares (excluding treasury shares) held by the public is less than 10%, it is the current intention of the Offeror to undertake and/or support any action as may be necessary for any trading suspension by SGX-ST to be lifted.

As set out in Appendix 5 to the Circular, Dr Tong (through the Offeror, Phileo Capital Limited and Genghis S.á.r.l.) indirectly holds 53.01% interest in the Company. Accordingly, Dr Tong can pass ordinary resolutions on matters in which he and his associates do not have any

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interest at future general meetings of Shareholders including resolutions on dividend payments by the Company.

6.8.5 Transaction costs in connection with the disposal of the Shares

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without incurring any transaction costs as opposed to the sale of the Shares in the open markets which will incur expenses such as brokerage commission and/or other trading costs.

7. OUR ADVICE

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

7.1 “FAIRNESS” OF THE OFFER

We set out below a summary of the key factors we have taken into our consideration when assessing the “fairness” of the Offer:

7.1.1 Factors for the Offer

The following factors substantiate the “fairness” of the Offer:

- (a) the Offer Price represents premia to the highest closing prices of the Shares for the periods prior to and including the Last Undisturbed Trading Day and continues to represent premia to most of the closing prices of the Shares for the Trading Days after the Offer Announcement Date up to the Latest Practicable Date as set out in paragraph 6.3 of this IFA Letter;
- (b) the Offer Price represents premia to the VWAPs of the Shares for the periods prior to and including the Last Undisturbed Trading Day and the period after the Offer Announcement Date up to the Latest Practicable Date as set out in paragraph 6.3 of this IFA Letter;
- (c) the P/E ratio and EV/EBITDA ratio of the Company implied by the Offer Price are higher than the mean corresponding ratios of the Comparable Companies as set out in paragraph 6.4 of this IFA Letter;
- (d) the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are within the range of the

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corresponding premia of the Precedent Privatisation Offers as set out in paragraph 6.5.1 of this IFA Letter; and

- (e) the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are within the range of the corresponding premia of the Precedent Non-Privatisation Offers as set out in paragraph 6.5.2 of this IFA Letter.

7.1.2 Factors against the Offer

The following factors undermine the “fairness” of the Offer:

- (a) the Offer Price represents discounts to the NAV per Share, NTA per Share and RNAV per Share as set out in paragraph 6.2 of this IFA Letter;
- (b) the ex-cash P/NAV ratio after excluding the adjusted cash and cash equivalents per Share as at 30 June 2024 will be 0.5 times. Shareholders may wish to note that approximately S\$82.4 million of cash and cash equivalents as at 30 June 2024 were under the Taiga Group and remittance of cash by Taiga to Avarga Canada Limited, then subsequently by Avarga Canada Limited to the Company in Singapore have tax implications;
- (c) the P/NAV ratio and P/NTA of the Company as implied by the Offer Price are below than the mean and median corresponding ratios of the Comparable Companies as set out in paragraph 6.4 of this IFA Letter;
- (d) the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are below the mean and median corresponding premia of the Precedent Privatisation Offers as set out in paragraph 6.5.1 of this IFA Letter;
- (e) the premia of the Offer Price over the last transacted price, 1-month VWAP, 3-month VWAP, 6-month VWAP and NAV or RNAV per Share are below the mean corresponding premia of the Precedent Non-Privatisation Offers as set out in paragraph 6.5.2 of this IFA Letter; and
- (f) the Offer Price is below our estimated range of values for the Shares set out in paragraph 6.7 of this IFA Letter.

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7.2 “REASONABLENESS” OF THE OFFER

We set out below a summary of the key factors we have taken into our consideration when assessing the “reasonableness” of the Offer:

7.2.1 Factors for the Offer

The following factors substantiate the “reasonableness” of the Offer:

- (a) the Group and the Taiga Group had reported decreasing revenues and profits on a year-on-year basis during the Period under Review as set out in paragraph 6.1 of this IFA Letter;
- (b) the general sentiment of the primary and secondary market of the Taiga Group (which will be the main revenue generating business of the Group after the cessation of the operations of the Paper Mill Division on 31 December 2024) for 2024 is less positive as compared to 2023;
- (c) the highest closing price of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date was equal to and did not exceed the Offer Price implying that the market prices of the Shares have been supported by the Offer. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will maintain at the level for the period after the Offer Announcement Date up to the Latest Practicable Date, after the close of the Offer;
- (d) with the cessation of the Paper Mill Division as announced on 29 November 2024 and the completion of the disposal of the Power Plant Division in July 2024, the Taiga Group will be the sole dividend contributor to the Company and its Shareholders. Taiga also does not have a fixed dividend policy and there is no assurance that Taiga will continue to declare special dividends in the future. Further, any dividend payable by Taiga to Avarga Canada Limited, and subsequently by Avarga Canada Limited to the Company in Singapore have tax implications; and
- (e) other considerations set out in paragraph 6.8 of this IFA Letter.

7.2.2 Factors against the Offer

The following factors undermine the “reasonableness” of the Offer:

- (a) although the revenue, gross profit and gross profit margins of the Taiga Group showed a declining trend during the Period under Review, the revenue, gross profit and gross profit margins of the Taiga Group for LTM30Jun2024 were still higher than the revenue, gross profit and gross profit margins of the Taiga Group for FY2017, FY2018 and FY2019. The Taiga Group had a profitable track record for its last 10 financial years;

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- (b) while the P/E ratio and EV/EBITDA ratio of the Company implied by the Offer Price are higher than the mean corresponding ratios of the Comparable Companies as set out in paragraph 6.1.1 of this IFA Letter, the Group had completed the disposal of its loss-making Power Plant Division in July 2024 and will cease the operations of the loss-making Paper Mill Division after the expiry of its gas supply contract on 31 December 2024. The *pro forma* P/E ratio and *pro forma* EV/EBITDA ratio of the Company as implied by the Offer Price based on the *pro forma* net profit and *pro forma* EBITDA after excluding the losses incurred by the Paper Mill Division and the Power Plant Division would be lower than the mean and median corresponding ratios of the Comparable Companies. Nevertheless, Shareholders may wish to note that the Comparable Companies are listed on foreign exchanges which may have different investors' sentiments and profile, and the valuations which investors may accord to companies listed there vis-à-vis the SGX-ST may differ significantly;
- (c) while both the Company and Taiga do not have fixed dividend policies, Taiga had declared and paid attractive special dividends for FY2021 and FY2023; and
- (d) the aggregate losses incurred by the Paper Mill Division and the Power Plant Division eroded more than 40% of the profit before income tax contributed by the Taiga Group in FY2023 and LTM30Jun2024. The Group will be ceasing the operations of the Paper Mill Division after 31 December 2024 and had completed the disposal of the Power Plant Division in July 2024.

7.3 OUR OPINION

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the opinion that, as of the date hereof, the terms of the Offer, on balance, are not fair and not reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to REJECT the Offer.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Offer, and the recommendation made by them to the Shareholders shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors or the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER



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

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

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

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

Name	Address	Description
Tong Kooi Ong	c/o 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994	Executive Chairman
Tong Ian	c/o 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994	Chief Executive Officer and Executive Director
Lai Ven Li	c/o 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994	Lead Independent Director
Moey Weng Foong	c/o 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994	Independent Director
Andrew Lim Cheong Seng	c/o 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994	Independent Director
Kevin Kang Kah Wee	c/o 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994	Independent Director

2. REGISTERED OFFICE

The Company's registered office is at 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994.

3. PRINCIPAL ACTIVITIES

The Company was incorporated under the laws of Singapore on 7 October 1967 and was listed on the Main Board of the SGX-ST on 15 October 1980. The Company is an investment holding company and the principal activities of the Company and its subsidiaries include distribution of building materials, paper manufacturing and property investment.

4. SHARE CAPITAL

4.1 Issued Shares

As at the Latest Practicable Date, the Company has one (1) class of shares, being ordinary shares.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$169,596,374.34 comprising 908,313,642 Shares (excluding 41,831,700 Shares in treasury).

The issued Shares are listed and quoted on the Main Board of the SGX-ST.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

4.2 Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are set out in **Appendix IV** to this Circular. Capitalised terms and expressions not defined in the extracts have the meanings ascribed to them in the Constitution.

4.3 Other Securities

As at the Latest Practicable Date, the Company has no other instruments convertible into, rights to subscribe for, nor options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights of the Company.

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1 Interest of Company in Offeror Securities

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

5.2 Dealings in Offeror Securities by the Company

As at the Latest Practicable Date, neither the Company nor its subsidiaries have dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.3 Interests of Directors in Company Securities

Save as disclosed below, none of the Directors has any direct or deemed interest in the Company Securities as at the Latest Practicable Date.

As at the Latest Practicable Date, the direct and deemed interests of the Directors in the Shares are set out in the table below:

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Tong Kooi Ong ⁽¹⁾	–	–	481,493,925 ⁽²⁾	53.01
Tong Ian	2,800,000	0.31	–	–
Moey Weng Foong	625,000	0.07	–	–
Andrew Lim Cheong Seng	5,000,000	0.55	–	–

Notes:

(1) By virtue of Phileo Trust, a family trust constituted under a trust deed where Tong Kooi Ong is the sole beneficiary, and with ZICO Trust (S) Ltd. as its appointed trustee, Tong Kooi Ong has a deemed interest in the following Shares pursuant to Section 4 of the SFA: (a) the 183,246,925 Shares held by TKO Pte. Ltd., which is wholly-owned by ZICO Trust (S) Ltd.; (b) the 224,808,000 Shares held by Phileo Capital Limited, which is wholly-owned by ZICO Trust (S) Ltd.; and (c) the 73,439,000 Shares held by Genghis S.á.r.l., which is wholly-owned by 3Cs Investments Limited, which is in turn wholly-owned by ZICO Trust (S) Ltd..

(2) The Shares are beneficially owned by TKO Pte. Ltd., Phileo Capital Limited and Genghis S.á.r.l..

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

5.4 Dealings in Company Securities by Directors

Save as disclosed below and in this Circular, none of the Directors has dealt for value in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

Name	Date of transaction	Number of Shares	Transaction/ exercise price (S\$)	Nature of Transaction
Tong Kooi Ong	11 November 2024	183,246,925	S\$45,811,731.25 (being S\$0.25 for each Share)	Acquisition of Shares from Lim Eng Hock

5.5 Interests of Directors in Offeror Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors hold shares in the Offeror or has any interests, direct or indirect, in the Offeror Securities:

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Tong Kooi Ong	–	–	1 ⁽¹⁾	100

(1) As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1.00 comprising one (1) ordinary share, with ZICO Trust (S) Ltd holding one (1) ordinary share in the Offeror in its capacity as trustee of Phileo Trust of which Tong Kooi Ong is the sole beneficiary.

5.6 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.7 Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations nor funds whose investments are managed by it and/or its related corporations on a discretionary basis, owns or controls any Company Securities.

5.8 Dealings in Company Securities by the IFA

During the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/or its related corporations on a discretionary basis, has dealt for value in the Company Securities.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

5.9 Intentions of the Directors in respect of their Offer Shares

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

- (a) Tong Ian has a direct interest in 2,800,000 Shares held by him. As at the Latest Practicable Date, Tong Ian intends to accept the Offer in respect of the Shares held by him;
- (b) Moey Weng Foong has a direct interest in 625,000 Shares held by him. As at the Latest Practicable Date, Moey Weng Foong intends to accept the Offer in respect of the Shares held by him; and
- (c) Andrew Lim Cheong Seng has a direct interest in 5,000,000 Shares held by him. As at the Latest Practicable Date, Andrew Lim Cheong Seng intends to accept the Offer in respect of the Shares held by him.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors and the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such service contracts between any of the Directors or proposed directors and the Company or its subsidiaries entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit be made or given to any Director or to any director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save for Tong Kooi Ong, who is the sole director of the Offeror and is the sole beneficiary of Phileo Trust, whose appointed trustee ZICO Trust (S) Ltd. holds the only issued share of the Offeror, and Tong Ian by virtue of being the son of Tong Kooi Ong, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports or any publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts (other than those

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

entered into in the ordinary course of business) with Interested Persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports or any publicly available information on the Group, none of the Company and its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

10. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of the Group for FY2021, FY2022, FY2023 and 1H2024 (based on the audited consolidated financial statements of the Group for each of FY2021, FY2022 and FY2023, and the unaudited consolidated financial statement of the Group for 1H2024 respectively) is set out below.

The summary of the financial information of the Group as set out in this Section 10 is extracted from, and should be read together with, the annual reports and the financial statements of the Group for the relevant years and the related notes thereto, copies of which are available on the SGX-ST website at www.sgx.com or for inspection at the registered address of the Company at 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994, during normal business hours, for the period during which the Offer remains open for acceptance. The audited consolidated financial statements have not been specifically prepared for inclusion in this Circular.

10.1 Consolidated Statements of Comprehensive Income

S\$'000	1H2024 (Unaudited)	FY2023 (Audited)	FY2022 (Audited)	FY2021 (Audited)
Revenue	828,390	1,699,978	2,368,337	2,435,405
Cost of sales	(742,360)	(1,500,529)	(2,057,786)	(2,100,998)
Gross Profit	86,030	199,449	310,551	334,407
Profit before income tax	31,848	39,109	109,859	136,436
Income tax expense	(8,878)	(11,929)	(33,298)	(35,870)
Profit from continuing operations	22,970	27,180	76,561	100,566
Profit from discontinued operations, net of tax	1,432	—	—	—
Net Profit	24,402	27,180	76,561	100,566

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

S\$'000	1H2024 (Unaudited)	FY2023 (Audited)	FY2022 (Audited)	FY2021 (Audited)
Net profit attributable to:				
Equity holders of the Company	17,134	10,927	50,875	73,299
Non-controlling interests	7,268	16,253	25,686	27,267
	<u>24,402</u>	<u>27,180</u>	<u>76,561</u>	<u>100,566</u>

For FY2021, the Company declared and paid total interim dividends of S\$0.0084 per Share. The Board of Directors of the Company did not recommend any dividend in respect FY2022, FY2023 and 1H2024.

10.2 Consolidated Statements of Financial Position

S\$'000	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Current assets		
Cash and cash equivalents	92,209	172,094
Trade and other receivables	216,661	129,724
Services concession receivables	–	11,325
Inventories	194,031	182,686
Derivative financial instruments	221	–
Income tax recoverable	14,332	14,284
	<u>517,454</u>	<u>510,113</u>
Assets classified as held for sale	11,683	–
	<u>529,137</u>	<u>510,113</u>
Non-current assets		
Property, plant and equipment	137,521	136,499
Financial assets, at fair value through profit or loss	11,601	11,208
Intangible assets	44,003	44,712
Deferred tax assets	5,726	5,409
	<u>198,851</u>	<u>197,828</u>
Total assets	<u>727,988</u>	<u>707,941</u>

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

S\$'000	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Current liabilities		
Trade and other payables	128,685	128,656
Derivative financial instruments	–	204
Bank borrowings	14,472	26,740
Lease liabilities	6,102	5,670
Current income tax liabilities	–	39
	149,259	161,309
Liabilities classified as held for sale	2,576	–
	151,835	161,309
Non-current liabilities		
Lease liabilities	91,433	89,582
Deferred gain	2,043	2,115
Provisions	92	151
Deferred tax liabilities	6,409	6,736
	99,977	98,584
Total liabilities	251,812	259,893
Net Assets	476,176	448,048
Equity		
Capital and reserves attributable to equity holders of the Company		
Share capital	169,597	169,597
Treasury shares	(12,130)	(12,130)
Retained profits	236,494	219,332
Other reserves	(37,351)	(40,357)
	356,610	336,442
Non-controlling interest	119,566	111,606
Total equity	476,176	448,048

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

10.3 Significant Accounting Policies

A summary of the material accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2023, a copy of which is available on the SGX-ST website at www.sgx.com or for inspection at the registered address of the Company at 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994.

Save as disclosed in this Circular and in publicly available information on the Group (including but not limited to that contained in the annual report of the Company for FY2023, the FY2023 Results, and the announcements released by the Company on the SGXNET), as at the Latest Practicable Date, there are no material accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

10.4 Changes in Accounting Policies

Save as disclosed in this Circular and in publicly available information on the Group (including but not limited to that contained in the annual report of the Company for FY2023, the FY2023 Results, the unaudited condensed interim financial statements of the Group for 1H2024 and the announcements released by the Company on the SGXNET), as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10.5 Material Changes in Financial Position

Save as disclosed in publicly available information on the Company (including but not limited to that contained in the annual report of the Company for FY2023, the FY2023 Results, the unaudited condensed interim financial statements of the Group for 1H2024 and all other announcements released by the Company on the SGXNET) and in this Circular, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2023, being the date to which the Company's last published audited accounts were made up.

10.6 Material Changes in Information

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

11. COSTS AND EXPENSES

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

APPENDIX III – ADDITIONAL INFORMATION ON THE OFFEROR

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

“APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS

The names, addresses and designations of the sole Offeror Director as at the Latest Practicable Date is as follows:

Name	Address	Designation
Tong Kooi Ong	82 Ubi Avenue 4, #05-04, Singapore 408832	Director

2. PRINCIPAL ACTIVITIES

The Offeror is a private limited company incorporated in the Republic of Singapore on 18 September 2024 for the purpose of undertaking the Offer. Its principal activities are those of management consultancy services and an investment holding company. The Offeror has not carried on any business since its incorporation, except for matters in connection with the making of the Offer.

3. SHARE CAPITAL

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$1.00 comprising one (1) ordinary share, with ZICO Trust (S) Limited holding one (1) ordinary share in the Offeror in its capacity as trustee of Phileo Trust of which Dr. Tong is the sole beneficiary.

4. FINANCIAL INFORMATION

As the Offeror was incorporated on 18 September 2024, no audited or unaudited statements of the Offeror have been prepared to date.

As no audited or unaudited financial statements of the Offeror have been prepared as at Latest Practicable Date, there are no significant accounting policies to be noted.

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Offer Document and as a result of the making and financing of the Offer, there has been no known material change in the financial position of the Offeror since its incorporation.

6. REGISTERED OFFICE

The registered office of the Offeror is at 12 Woodlands Square #05-70 Woods Square Singapore 737715.”

APPENDIX IV – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution are set out below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at 1 Kim Seng Promenade #13-10 Great World City Office West Singapore 237994, during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

1. Rights in respect of capital

SHARE CAPITAL

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| 6. | <i>Subject to the Act and these Articles relating to new shares and to any special rights attached to any share for the time being issued, all shares shall be under the absolute control of the Members in general meeting but subject thereto, the Directors may allot or grant options over the same to such persons on such terms and conditions, for such consideration and at such times as the Directors may determine. Provided that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same.</i> | <i>Shares under control of general meeting.</i> |
| 7. | <i>The Company in general meeting may authorise the Directors to exercise any power of the Company to issue shares and convertible securities, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the annual general meeting commencing next after the date on which the approval was given or the expiration of the period within which the next annual general meeting after that date is required by law to be held (whichever is earlier) but may be previously revoked or varied by the Company in general meeting.</i> | <i>Authority to Directors to issue shares and convertible securities.</i> |
| 8. | <i>Any expenses (including brokerage or commission) incurred directly by the Company in the issue of new shares may be paid out of the proceeds of the issue or the Company’s share capital. Such payment shall not be taken as reducing the amount of share capital of the Company.</i> | <i>Payment of expenses in issue of shares</i> |
| 9. | <p>(1) <i>The shares in the Company may be divided into several classes and issued with such preferred, deferred, qualified or other special rights, privileges, conditions or such restrictions, whether in regard to dividend, capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine, and subject to the provisions of the Act (and these Articles) the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by ordinary resolution determine, the total number of issued preference shares shall not at any time exceed the total number of issued ordinary shares of the Company.</i></p> <p>(2) <i>The Company may issue shares for which no consideration is payable to the Company.</i></p> | <i>Company may issue shares with preferred, deferred or other special rights.</i> |

APPENDIX IV – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 10. | <i>In the event of the Company at any time issuing preference capital, the Company shall, subject (but not limited) to the Act, have power to issue further preference capital ranking equally with or in priority to the preference shares already issued and the rights conferred upon the holders of preference shares shall not unless otherwise expressly provided by the conditions of issue of such shares be deemed to be altered by the creation or issue of such further preference capital ranking equally with or in priority thereto.</i> | <i>Issue of further preference shares.</i> |
| 11. | <i>Subject to the provisions of the Act, all or any of the special rights or privileges for the time being attached to any preference shares for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by special resolution passed by preference shareholders concerned at a special meeting called for the purpose. To any such special meeting all the provisions of this Constitution as to general meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least being or representing by proxy Members in respect of not less than one-third of the preference shares issued and that every such Member shall be entitled on a poll to one vote for every preference share held by him, and that any such Member present either in person or by proxy may demand a poll.</i> | <i>Alteration of rights of preference shareholders.</i> |
| | <i>Provided that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the Members in respect of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.</i> | |
| 12. | <i>Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and financial statements and the attending of general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or where the dividend on the preference shares is more than six months in arrears.</i> | <i>Rights of preference shareholders.</i> |
| 13. | <i>If by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the persons who for the time being, and from time to time, shall be Members in respect of the shares, or their legal personal representatives.</i> | <i>Instalments of shares.</i> |
| 14. | <i>The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment in cash or the allotment of fully or partly paid shares or partly in one way and partly in the</i> | <i>Power to pay commission and brokerage.</i> |

APPENDIX IV – RELEVANT EXTRACTS FROM THE COMPANY'S CONSTITUTION

other. The Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, for any shares in the Company, confer on any such person an option call within a specified time for a specified number of shares in the Company at a specified price or on such other terms and conditions as the Directors may deem fit.

15. (1) *The Company and the CDP shall not be bound to register more than three persons as the joint holders of any share except in the case of trustees or executors or administrators of the estate of a deceased Member.*
- (2) *Subject to Article 15(1), any two or more persons may be registered as joint holders of any share or named in the Depository Register as joint Depositors. In the case of the death of any one or more of the joint registered holders or joint Depositors of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such share but the Company may require such evidence of death as it may deem fit.*
- (3) *Any one of the joint holders of any share or joint Depositors may give effectual receipts for any dividends, bonuses or other moneys payable to such joint holders or joint Depositors. The first named on the Register or the Depository Register shall, however, as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share and any notice given to such person shall be deemed notice to all the joint holders or joint Depositors, as the case maybe.*
- (4) *The joint holders of any share or the joint Depositors in respect of any share shall be liable jointly and severally in respect of all payments and liabilities in respect of such share.*
16. *Save as herein otherwise provided the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and a Depositor as the absolute owner of the number of shares which are entered against his name in the Depository Register and accordingly, shall not be bound (except as ordered by a court of competent jurisdiction or as by law required) to recognise even when having notice of any equitable, contingent future or partial interest or other claim to or interest in any such share on the part of any other person.* *No trusts recognised.*
17. *The Company shall not give any financial assistance for the purpose of or in connection with the acquisition or proposed acquisition of any shares in the Company or its holding company (if any) unless the same is permitted by law.* *Company not to give financial assistance for acquisition of shares.*

APPENDIX IV – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

SHARE CERTIFICATE

18. *Every certificate for shares shall be under the Seal or the Share Seal as provided in Article 131.* Share certificates.
19. *The Company shall allot securities and despatch certificates issued under the seal in such form as the Directors may approve to every registered holder or CDP for the account of every Depositor who are Members, within ten Market Days (or such other period as may be approved by the Exchange) of the closing date for the subscription of securities or within such period as the conditions of issue shall provide or, where applicable, within ten Market Days (or such other period as may be approved by the Exchange) after the day of lodgement of a registered transfer (as defined in Article 42) (other than such transfer as the Company is for any reason entitled to refuse to register and does not register). Every person whose name is entered as a Member in the Register or in the name of the Depository, as the case may be, shall be entitled to, one certificate in respect of each class of shares held by him or registered in the name of CDP, as the case may be, for all his shares or shares registered in the name of CDP, as the case may be, of that class or several certificates in such denominations as the Company shall, in its absolute discretion, consider reasonable for his shares or shares registered in the name of CDP, as the case may be, of that class, in the case of the registered holder, upon payment of two dollars per certificate (or such lesser sum as the Directors shall from time to time determine) and in the case of a Depositor, the Directors shall waive all payments for every certificate after the first Provided That (i) the Company shall not be bound to issue more than one certificate in respect of a share held jointly by several persons (including Depositors) and delivery thereof to one or several joint holders or, in the case of shares registered in the name of CDP, to CDP, shall be sufficient delivery to all such holders (including Depositors) and (ii) where a registered holder or CDP has transferred part of his shares or shares registered in the name of CDP, as the case may be, comprised in a share certificate the Company shall without charge and within ten Market Days (or such other period as may be approved by the Exchange) after the lodgement of the registered transfer despatch to the registered holder or CDP as the case may be a certificate in respect of the shares not transferred.* Registered holder's right to certificate.
20. *Every certificate of shares shall specify in words and figures the distinctive number of shares in respect of which it is issued, and the amount paid up thereon.* Certificates shall specify number of shares.
21. *Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, stolen or lost, it may be replaced on such evidence being produced and on such indemnity or undertaking (if required) being given by the Member, shareholder, transferee, person entitled thereto, purchaser, member company of the Exchange or on behalf of its client(s) as the Directors shall require and in the case of defacement or wearing out, on delivery of the old certificate and (in any case) on payment of such sum not exceeding two dollars per replacement certificate as the Directors may from* Issue of replacing certificates.

APPENDIX IV – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

time to time require. In the case of theft, destruction or loss the shareholder or person entitled to such replacement certificate shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss and to such indemnity or undertaking.

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| 22. | <i>The certificates of shares, or options in respect of shares, registered in the names of two or more persons may, without prejudice to the provisions of Article 19, be delivered to the person first named on the Register or, in the case of shares or option registered in the name of CDP, to CDP.</i> | <i>Delivery of Share certificates.</i> |
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LIEN ON SHARES

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| 23. | <i>The Company shall have a lien on every share not being a fully-paid share which shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Company’s lien, if any, on a share shall extend to all dividends payable thereon.</i> | <i>Company’s lien on shares.</i> |
| 24. | <i>For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, but no sale shall be made until such time as the moneys in respect of which such lien exists or some part thereof are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on such Member or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice.</i> | <i>Right to enforce lien by sale.</i> |
| 25. | <i>The net proceeds of sale whether of a share forfeited by the Company or of a share over which the Company has a lien, shall be applied in or towards satisfaction of the amount due to the Company and the residue (if any) after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the Member or his executors, administrators or assignees or as such Member shall direct.</i> | <i>Application of proceeds of sale.</i> |
| 26. | <i>To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser and the Directors may enter the purchaser’s name in the Register as holder of the shares or may request the CDP to enter the purchaser’s name in the Depository Register as the Depositor thereof, and the purchaser shall not be bound to see to the regularity or validity of, or be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase money, and after his name has been entered in the Register or the Depository Register the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only.</i> | <i>How sale to be effected.</i> |

APPENDIX IV – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 27. | <p><i>No person shall exercise any rights or privileges as a Member until his name shall have been entered in the Register or the Depository Register and he shall have paid all calls and other moneys for the time being due and payable on any share in respect of which he is a Member alone or jointly with any other person, whether in his own name or in a Securities Account, together with interest and expenses (if any).</i></p> | <p><i>Member not entitled to privileges of membership until all calls paid.</i></p> |
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CALLS ON SHARES

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| 28. | <p><i>The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days’ notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.</i></p> | <p><i>Powers of Directors to make calls.</i></p> |
| 29. | <p><i>The joint holders of a share or the joint Depositors in respect of a share shall be jointly and severally liable to pay all calls or instalments and interest or costs, charges and expenses in respect thereof.</i></p> | <p><i>Joint and several liability of joint holders and Depositors.</i></p> |
| 30. | <p><i>If before or on the day appointed for payment thereof a call or instalment thereof payable in respect of a share is not paid, the person from whom the amount of the call or instalment is due shall pay interest on such amount at such rate as the Directors shall decide from time to time from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to recover payment of or in consequence of non-payment of such call or instalment, but the Directors may waive payment of such interest, costs, charges and expenses wholly or in part.</i></p> | <p><i>Interest on unpaid calls.</i></p> |
| 31. | <p><i>Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of this Constitution as to payment of interest, costs, charges and expenses, forfeiture and the like, and all the other relevant provisions of the Act or of this Constitution shall apply as if such sum were a call duly made and notified as hereby provided.</i></p> | <p><i>Sums payable under terms of allotment to be deemed calls.</i></p> |
| 32. | <p><i>The Directors may from time to time make arrangements on the issue of shares for a difference between the Members in respect of such shares in the amount of calls to be paid and in the time of payment of such calls.</i></p> | <p><i>Difference in calls.</i></p> |
| 33. | <p><i>The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any or in respect of shares, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable)</i></p> | <p><i>Payment of call in advance.</i></p> |

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pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) eight per cent. (8%) per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls whilst carrying interest shall not confer a right to participate in profits.

FORFEITURE OF SHARES

34. *If any Member fails to pay the whole or any part of any call or instalment or interest, costs, charges or expenses referred to in Article 30, on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or instalment or interest, costs, charges or expenses remain unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including, interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment.* Notice to be given of intended forfeiture.
35. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment or interest, costs, charges or expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable shall be liable to be forfeited.* Form of notice.
36. *If the Member shall fail to comply with the requirements of any notice as aforesaid, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments or interest, costs, charges and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.* If notice not complied with shares may be forfeited.
37. *Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same upon such terms and in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may effect a transfer of the share in favour of the person to whom the share is sold or disposed and his name shall thereupon be entered in either the Register or the Depository Register, as may be appropriate, in respect of the share and shall not be bound to see the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.* Forfeited shares property of Company.
38. *When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in respect of such share or to the person entitled to the share by transmission prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register and the Company shall request CDP to make a corresponding entry in the Depository Register. The provisions of this Article are directory only and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid.* Notice of forfeiture to be given to Members.

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| 39. | <p><i>The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.</i></p> | <p><i>Power to annul forfeiture.</i></p> |
| 40. | <p><i>Any Member whose or in respect of whom shares shall have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding, be liable to pay, and shall forthwith pay to the Company all calls or instalments or interest, costs, charges and expenses owing upon or in respect of such shares at the time of forfeiture, as if the shares had not been forfeited and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture without any deduction or allowance for the value of the shares at the time of forfeiture together with any interest thereon from the time of forfeiture until payment, at the rate of eight per cent. (8%) per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest, costs, charges and expenses shall be paid to such Member, his executor, administrator or assignee or as he directs.</i></p> | <p><i>Liability on forfeited share.</i></p> |
| 41. | <p><i>A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.</i></p> | <p><i>Declaration by Director conclusive of fact of forfeiture.</i></p> |

TRANSFER OF SHARES

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| 42. | <p><i>Subject to the restrictions of these Articles and any restrictions imposed by law or the Exchange or CDP, any Member may transfer all or any of his shares, but every transfer by any Member must either be by means of:–</i></p> <p style="margin-left: 20px;">(a) <i>an instrument in the form approved by the Exchange, which must be left at the Office or such other place or places as the Directors may appoint from time to time for registration, duly stamped and accompanied by the certificates of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor or his right to transfer the shares (“a registered transfer”); or</i></p> <p style="margin-left: 20px;">(b) <i>book-entry in the Depository Register in accordance with the Act.</i></p> | <p><i>Member may transfer shares.</i></p> |
| 43. | <p><i>There shall be no restriction on the transfer of fully paid up shares (except where required by law or, where the Company is listed on the Exchange, the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion refuse to register a transfer to a transferee of whom they do not approve, in the case of shares not fully paid up; Provided That in the event of the Directors refusing to register a transfer of shares, they shall within thirty days, or in the event of the Company being listed on the Exchange, within ten Market Days beginning with the day on which the</i></p> | <p><i>Transfer of shares.</i></p> |

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application for such transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act.

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| 44. | <i>The instrument of transfer of a share which is the subject of a registered transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the Register in respect thereof, provided always that CDP shall not be required as transferee to sign any form of transfer for the transfer of shares to it. The Directors may dispense with the execution of the instrument of transfer by the transferee and the requirement that the instrument of transfer be witnessed in any case in which they think fit in their discretion so to do. Shares of different classes shall not be comprised in the same instrument of transfer. This Article 44 shall not apply to any transfer of shares by way of book-entry.</i> | <i>Instrument of transfer to be executed.</i> |
| 45. | <i>No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.</i> | <i>Restriction on transfer.</i> |
| | <i>Nothing in this Article shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.</i> | |
| 46. | <i>In the case of registered transfers, all instruments of transfers submitted which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.</i> | <i>Instrument of transfer to be retained.</i> |
| 47. | <i>The Company shall be entitled to charge a fee not exceeding two dollars for each instrument of transfer or in the event of the Company being listed on the Exchange, such other sum as may from time to time be prescribed by the Exchange on the registration of every transfer.</i> | <i>Transfer fee.</i> |
| 48. | <i>The Company shall provide a book to be called “Register of Transfers”, which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer or transmission of shares (other than a transfer or transmission of shares by means of book-entry in the Depository Register).</i> | <i>Register of Transfers.</i> |
| 49. | <i>The Register of Transfers may be closed at such times and for such period as the Directors may from time to time determine, provided always that it shall not be closed for more than thirty days in any calendar year, and during such periods the Directors may suspend the registration of transfers. At least five Market Days’ notice (or such notice as the Exchange may agree) of such closure, excluding the date of announcement and the closure date, shall be advised to any stock exchange upon which the Company is listed, stating the period and purpose or purposes for which the closure is being made.</i> | <i>Closure of Register of Transfers.</i> |

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TRANSMISSION OF SHARES

50. *In the case of the death of a Member, the survivor where the deceased was a joint registered holder or a joint Depositor, and the executors or administrators of the deceased where he was a sole or only surviving registered holder or joint Depositor, save as otherwise provided herein or required or provided by law, shall be the only person recognised by the Company as having any title to or interest in respect of his shares, but nothing herein contained shall release the estate of a deceased holder or Depositor from any liability in respect of any share in respect of which he was a Member solely or jointly.* *Transmission of shares.*
51. *Any person becoming entitled to a share in consequence of the death or bankruptcy of a registered holder of a share shall upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share or to make such transfer thereof as the deceased or bankrupt holder could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt holder before the death or bankruptcy.* *Title on death or bankruptcy.*
- If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him and stating that he so elects. For the purposes of these Articles relating to the registration of transfers of shares, such notice shall be deemed to be a transfer and the Directors shall have the same power of refusing to give effect thereto by registration as if the event upon which the transmission took place had not occurred and the notice were a transfer executed by the person from whom the title by transmission is derived.*
- In the case of any person becoming entitled to the interest of a Depositor in respect of a share in consequence of the death of the Depositor, Section 81SQ of the Securities and Futures Act shall apply.*
52. *A person becoming entitled to a share or an interest in respect of a share in consequence of the death or bankruptcy of any Member shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member in respect of the share, unless and until he shall be registered as the holder or named in the Depository Register as the Depositor in respect thereof provided always that the Directors may at any time give notice requiring any such person to elect either to be registered or named in the Depository Register himself or to transfer the share, and if the notice is not complied with in accordance with these Articles within ninety days, the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.* *Persons entitled to dividends on transmission.*

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| 53. | <i>The Company shall be entitled to charge a fee not exceeding ten dollars or such other sum as may be determined from time to time on the registration in the Register of every probate, letter of administration, death or marriage certificate, power of attorney, notice in lieu of distringas or other instruments.</i> | <i>Fee on registration of probate, etc.</i> |
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CONVERSION OF SHARES INTO STOCK

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| 54. | <i>The Company in general meeting may by ordinary resolution convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.</i> | <i>Conversion of shares to stock.</i> |
| 55. | <i>When any shares have been converted into stock the several holders of and Depositors in respect of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in general meeting shall direct, but in default of any direction then, in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances will admit. The Directors may if they think fit from time to time fix the minimum amount of stock transferable.</i> | <i>Stockholders entitled to transfer interest</i> |
| 56. | <i>The several holders of and Depositors in respect of stock shall be entitled to participate in the dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held or were Depositors in respect of the shares from which the stock arose, but so that none of such rights, privileges or advantages (except the participation in the dividends, profits and assets of the Company) shall be conferred by any such part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.</i> | <i>Rights of stockholders.</i> |
| 57. | <i>All such provisions of this Constitution as are applicable to paid-up shares shall apply to stock and in all such provisions the words “shares” and “shareholder” shall include “stock” and “stockholder”.</i> | <i>Definitions.</i> |

ALTERATION OF CAPITAL

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| 58. | <i>The Company in general meeting may from time to time by ordinary resolution, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount as the Company by the resolution authorising such increase shall direct.</i> | <i>Power to increase capital.</i> |
| 59. | <i>The new shares shall be issued upon such terms and conditions (including, such consideration) and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and, in particular, such new shares may be issued with a preferential, qualified or postponed right to dividends, and in the distribution of assets of the Company, and with a special or without any right of voting.</i> | <i>On what conditions new shares may be issued.</i> |

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60. *Unless otherwise determined and subject to such other terms and conditions as may be determined by the Members in general meeting, or unless permitted under the listing rules of the Exchange as may be in force from time to time, all new shares shall, before issue, be offered to such Members as at the date of the offer are entitled to receive notices from the Company of general meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may subject to these Articles dispose of those shares in such manner as they think most beneficial to the Company provided always that the Directors shall have the absolute discretion to determine whether or not such offer shall be made to any Member in any country or jurisdiction outside the Republic of Singapore. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to the shares of the persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided or which are not offered to Members outside the Republic of Singapore.*
- Shareholders’ rights of pre-emption.
61. *Subject to any directions that may be given in accordance with the powers contained in this Constitution, any capital raised by creation of new shares shall be considered as part of the original capital and as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.*
- New capital considered part of original capital.
62. *The Company may –*
- Alteration of capital.
- (1) consolidate and divide all or any of its share capital;*
 - (2) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;*
 - (3) by subdivision of its existing shares or any of them divide its capital or any part thereof and so that as between the holders or Depositors of the resulting shares one or more of such shares may by the resolution by which the subdivision is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares;*
 - (4) reduce its share capital in any manner and with and subject to any matter or consent required by law; or*
 - (5) subject to the provisions of this Constitution and the Statutes, convert its share capital or any class of shares from one currency to another currency.*

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63. *Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange, and other written law, the Company may purchase or otherwise acquire shares (whether ordinary or preference or otherwise), options, stocks, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and to the extent permitted and in the manner prescribed by law.*
- Company may acquire its own shares.*

Where ordinary shares or stocks are purchased or acquired by the Company in accordance with the provisions of the Act, the Company may hold the shares or stocks (or any of them) or deal with any of them, at any time.

Any ordinary share which is so purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition by the Company unless held in treasury; preference shares that are purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Act.

64. *If the Company has only one class of shares, the aggregate number of shares held as Treasury Shares shall not at any time exceed 10% of the total number of shares of the Company at that time.*
- Treasury shares*

Where the share capital of the Company is divided into shares of different classes, the aggregate number of shares of any class held as Treasury Shares shall not at any time exceed 10% of the total number of the shares in that class at that time.

In the event of contravention of the above, the Company shall dispose of or cancel the excess shares in the manner provided by the Act.

The Company shall not exercise any rights in respect of the Treasury Shares, including any right to attend or vote at meetings, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights. Any purported exercise of such a right is void.

No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be made to the Company in respect of the Treasury Shares save as specifically provided for in the Act.

APPENDIX IV – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

MODIFICATION OF CLASS RIGHTS

65. *Subject to the provisions of the Act, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the Members in respect of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the Members in respect of shares of that class, and all the provisions contained in this Constitution relating to general meeting shall mutatis mutandis apply to every such meeting, but so that the quorum thereof shall be not less than two persons personally present and being or representing by proxy of one-third of the issued shares of that class, and that any Member in respect of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of that class in respect of which he is a Member, and if at any adjourned meeting of such Members such quorum as aforesaid is not present, any two Members in respect of shares of that class who are personally present shall be a quorum. The Directors shall comply with the provisions of the Act as to forwarding a copy of any such consent or resolution to the Registrar of Companies.*
- Modification of class rights.*

CAPITALISATION OF PROFITS AND RESERVES

147. (1) *Subject to the approval of the Company in general meeting (whether such approval is pursuant to an authorisation to the Directors to exercise the power of the Company to issue shares generally pursuant to Article 7 or otherwise), the Directors may resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of (i) any of the Company’s reserve funds (whether of a capital or income nature) or (ii) the profit and loss account or otherwise available for distribution; and accordingly that in either case such sum be set free for distribution amongst the Members entitled to receive distributions by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares of such Members respectively, or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully-paid up to and amongst such Members or their nominees in the proportion aforesaid or partly in the one way and partly in the other.*
- (2) *Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully or partly paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of any Member under such resolution to a fractional part of a share by payment in cash or otherwise as they think fit and also to authorise any person to enter on behalf of the Members entitled thereto or their*
- Capitalisation of profits and reserves.*

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nominees into an agreement with the Company providing for the allotment to them respectively credited as fully or partly paid-up of any further shares to which they may be entitled upon such capitalisation or, as the case may be, for the payment by the Company on their behalf, by the application thereto of their respective proportions of the amounts to be capitalised, of the amounts or any part of the amounts remaining unpaid on these existing shares or debentures. Any agreement made under such authority shall be effective and binding on all such Members and their nominees.

WINDING UP

166. *If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares in respect which they are Members respectively. If in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares in respect which they are Members respectively. This Article is to be without prejudice to the rights of the holders or Depositors of shares issued upon special terms and conditions.* *Distribution of assets in winding up.*
167. *If the Company shall be wound up, the liquidators of the Company may, with the sanction of a special resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 306 of the Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any share or other consideration receivable by the liquidators amongst the Members otherwise than in accordance with their existing rights. Any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.* *Distribution of assets in specie.*

2. Rights in respect of dividends

DIVIDENDS

132. *The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on their shares respectively.* *Appropriation of profits.*

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| 133. <i>The Company in general meeting may declare a dividend to the Members according to their rights and interests in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors, but the Company in general meeting may declare a smaller dividend.</i> | <i>Declaration of Dividend.</i> |
| 134. <i>No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.</i> | <i>Dividend payable out of profits.</i> |
| 135. <i>The declaration of the Directors as to the net profits of the Company shall be conclusive.</i> | <i>Declaration conclusive.</i> |
| 136. <i>The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies Provided That no such dividends shall be declared more than once in three months.</i> | <i>Interim dividend.</i> |
| 137. <i>The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.</i> | <i>Debts may be deducted.</i> |
| 138. <i>Any general meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular, of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debentures stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular, may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63B of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective. Any shares allotted as fully paid bonus shares in respect of the Treasury Shares shall be treated for the purposes of the Act as if they were purchased by the Company at the Company they were allotted.</i> | <i>Dividend in specie.</i> |
| 139. (1) <i>Whenever the Directors in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:</i> | <i>Scrip dividends.</i> |
| (a) <i>the basis of any such allotment shall be determined by the Directors;</i> | |

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- (b) *the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;*
- (c) *the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded Provided That the Directors may determine, either generally or in specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*
- (d) *the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect of which the share election has been duly exercised (the “**elected ordinary shares**”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding any provision of this Constitution to the contrary, the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid, including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.*

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Ranking of shares and other actions

- (2) (a) *The ordinary shares allotted pursuant to the provisions of paragraph (1) of this Article shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*
- (b) *The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to the provisions of paragraph (1) of this Article, with full power to make such provisions as they may think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorise any person to enter on behalf of the Members interested into agreement(s) with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*

Record date

- (3) *The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, determine the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register (or as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit and, in such event, the provisions of this Article shall be read and construed subject to such determination.*

Cash in lieu of shares

- (4) *The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register (or as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as*

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the Directors may in their sole discretion decide and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

Cancellation

- (5) *Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (1) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefore, as they deem fit, cancel the proposed application of paragraph (1) of this Article.*
140. *The Company may retain the dividends payable upon shares or any part thereof in respect of which any person is, under the provisions as to the transfer and transmission of shares hereinbefore contained entitled to become entered in the Register or the Depository Register, as the case may be, as a Member, or which any person under that Article is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.* *Power to retain dividends.*
141. *In case several persons are jointly Members in respect of any shares, any one of such persons may give effectual receipts for dividends and payment on account of dividends in respect of such shares.* *Any joint Member may give receipt.*
142. *Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.* *Notice of dividend.*
143. *Unless otherwise directed, any dividend may be paid by cheque, warrant or Post Office Order, sent through the post to the address of the Member entitled appearing in the Register or the Depository Register, as the case may be, or in the case of a joint Member to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect of the joint shareholding, and every cheque, warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque, dividend warrant, or Post Office Order, which shall be sent by post duly addressed to the Member for whom it is intended. The payment by the Company to CDP of any dividend payable or distribution due to a Depositor shall, to the extent of the payment or distribution made, discharge the Company from any liability in respect of that payment or distribution.* *Payment by post.*
144. *All dividends unclaimed for one year after having been declared, may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.* *Unclaimed dividends.*

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| <p>145. <i>The Directors may, before declaring any dividend in respect of any class of shares out of or in respect of the profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sum as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes as the Directors shall, in their absolute discretion, think conducive to the interest of the Company.</i></p> | <p><i>Formation and object of Reserve Fund.</i></p> |
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| <p>146. <i>So long as shares in the capital of the Company are listed for quotation on the Exchange, the Directors shall have power generally to take such steps (not inconsistent with these Articles) as they may deem necessary, advisable or appropriate to achieve or facilitate the trading of the Company’s shares, debentures or other securities through the Central Depository System.</i></p> | <p><i>Central Depository System.</i></p> |
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3. Rights in respect of voting

GENERAL MEETINGS

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| <p>66. <i>Save as otherwise permitted under the Act and/or the Exchange (or the rules thereof), an annual general meeting shall be held once at least in every calendar year, at such time and place in Singapore as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such general meetings, and not more than four months or such other period as may be prescribed by the Act, shall be allowed to elapse between the close of each financial year and such annual general meeting.</i></p> | <p><i>Annual general meetings.</i></p> |
| <p>67. <i>The general meetings referred to in Article 66 shall be called annual general meetings. All other general meetings shall be called extraordinary general meetings.</i></p> | <p><i>Annual general meetings.</i></p> |
| <p>68. <i>The Directors may call an extraordinary general meeting of the Company whenever they think fit.</i></p> | <p><i>Directors may call extraordinary general meetings.</i></p> |
| <p>69. <i>The Directors shall, on the requisition of the Members in respect of no less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting of the Company, and in the case of such requisition the following provisions shall have effect:–</i></p> <p style="margin-left: 20px;">(1) <i>The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.</i></p> | <p><i>Extraordinary general meetings to be called on requisition of Members.</i></p> |

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- (2) *If the Directors do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.*
- (3) *In the case of a meeting at which a resolution is to be proposed as a special resolution, the meeting shall be deemed not to be duly convened by the Directors if they do not give such notice as is required by the provisions of the Act.*
- (4) *Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.*
70. *Subject to the provisions of the Act relating to the convening of meetings to pass special resolutions and agreements for shorter notice, fourteen clear days’ (excluding the date of notice and the date of meeting) notice at the least specifying the place (which shall be in Singapore), day, and hour of the meeting, and in case of special business, the general nature of such business, shall be given to all Members. Where notices contain special resolutions, they shall be given to Members at least twenty-one clear days (excluding the date of notice and the date of meeting) before the meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special businesses. At least fourteen days’ notice of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange.* *Notice of Meeting.*
71. *Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any general meeting Provided That at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than seven nor more than fourteen intervening days.* *Members may submit resolution to meeting on giving notice to Company.*
72. *Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed.* *Secretary to give notice to Members.*
73. *The omission to give any notice to or non-receipt of any such notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting.* *Omission to give notice.*

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PROCEEDINGS AT GENERAL MEETINGS

74. *All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of the consideration of the financial statements, the statement of the Directors and reports (if any) of the Auditors, the fixing of the fees of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors.* *Special business.*
75. *Except at any time when a corporation is the sole Member, three Members present in person or by proxy shall be a quorum for a general meeting and no business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business. For the purposes of this Article, “Member” includes a person attending as a proxy.* *Quorum.*
76. *If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.* *If quorum not present.*
77. *The Chairman (if any) shall preside as chairman at every general meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be unwilling to act as chairman, the Members present shall choose some Director, or, if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be chairman of the meeting.* *Chairman.*
78. *The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, provided always that the place of the adjourned meeting shall be in Singapore and no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Whenever any meeting is adjourned for fourteen days or more, at least three days’ notice of the place and hour of such adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.* *Power to adjourn.*
79. (1) *If required by the listing rules of the Exchange, all resolutions at general meetings shall be voted by poll.* *How matters to be decided.*
- (2) *Subject to Article 79(1), at every general meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person or by proxy and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded (i) by the chairman of the meeting or (ii) by not less than three Members present in person or by proxy, and entitled to vote at the meeting or (iii) by a Member or Members present in person or by proxy*

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representing not less than 5% of the total voting rights of all Members having the right to vote at the meeting or (iv) by a Member in respect of shares in the Company conferring a right to vote at the meeting, being shares on which the aggregate sum paid up is not less than 5% of the total sum paid up on all the shares conferring that right. A demand for a poll made pursuant to this Article 79(2) may be withdrawn. Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has been carried, or has been carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

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| 80. | <i>A poll on the election of a chairman of a meeting or on a question of adjournment shall be taken immediately. Subject to Article 79(1), a poll demanded on any other question shall be taken at such time as the chairman of the meeting directs. A poll shall be taken in such manner as the chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman may (and if required by the listing rules of the Exchange or if so directed by the meeting shall) appoint scrutineer(s) and may adjourn the meeting to some place in Singapore and time fixed by him for the purpose of declaring the results of the poll. Any business other than that upon which a poll has been taken may be proceeded with at a meeting pending the taking of the poll.</i> | <i>How poll to be taken.</i> |
| 81. | <i>In case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.</i> | <i>In the event of equality of votes.</i> |
| 82. | <i>If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.</i> | <i>Error in the counting of votes.</i> |
| 83. | <i>Subject to the Statutes, a resolution in writing signed by all the Members or their agents authorised in writing shall be as valid and effectual as if it had been passed at a meeting of the Members duly convened and held, and any such resolution may consist of several documents in like form, each signed by or on behalf of one or more Members. For the purposes of this Article, “in writing” and “signed” shall include approval by telex, facsimile, cable or telegram or such other Electronic Communication by any such Member. In the case of a corporate body which is a Member such resolution may be signed on its behalf by any two of its directors or by any person (whether identified by name or by reference to the holding of any particular office) duly authorised by such corporate body by resolution of its directors or other governing body or by power of attorney to sign resolutions on its behalf.</i> | <i>Written Resolution.</i> |

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VOTES OF MEMBERS

84. *Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a meeting of Members or classes of Members, each Member shall be entitled to be present and to vote either in person or by proxy in respect of any fully paid-up shares and of any shares upon which calls due and payable to the Company shall have been paid. On a show of hands, every Member present in person and each proxy shall have one vote and on a poll, every Member present in person or by proxy shall have one vote for each share in respect of which he is a Member or represents and upon which all calls or other sums due thereon to the Company have been paid provided always that:–*
- Voting rights.*
- (a) *where a Member is represented by one or more proxies, only the first named proxy specified in the relevant instrument of proxy shall be deemed to be authorised to vote on a show of hands and the second named proxy shall not be so entitled to vote unless the first named proxy is not present or fails to cast a vote; and*
- (b) *if the Member is a Depositor the Company shall be entitled on a poll to accept as validly cast by a Depositor votes in respect of such number of shares as is equal to the number of shares appearing against his name in the Depository Register 72 hours prior to the commencement of the relevant general meeting as certified by CDP to the Company.*
85. *In the case of joint Members, any one of such persons may vote, but if more than one of such persons be present at a general meeting, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Members; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.*
- Right of joint Members.*
86. *Save as herein expressly provided, no person other than a Member who is duly registered or who is certified by CDP as named in the Depository Register 72 hours before the general meeting and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any general meeting.*
- Members only entitled to vote if transfer effected.*
87. *A Member who is mentally disordered and incapable of managing himself or his affairs, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a show of hands or on a poll, vote by proxy.*
- Votes of Members who are mentally disordered.*

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| 88. | <i>Any corporation which is a Member may, by resolution of its directors, authorise any person to act as its representative at any meetings of the Company; and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder, save that such person shall not be otherwise entitled to attend the meeting as a Member or proxy or corporate representative of another Member.</i> | <i>Corporation may attend by representative.</i> |
| 89. | <i>Votes whether by a show of hands or on a poll may be given either personally or by proxy, attorney or representative. A proxy need not be a Member of the Company.</i> | <i>Votes to be given by proxy or personally.</i> |
| 90. | <i>The instrument appointing a proxy shall be in such form approved by the Directors and in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal, or under the hand of an official or attorney duly authorised. An instrument of proxy shall not, unless the Directors in their absolute discretion determine otherwise, be required to be witnessed.</i> | <i>Instrument of proxy to be in writing.</i> |
| 91. | <i>The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or authority shall, if required by law, be duly stamped and deposited at the Office (or such other place, if any, as is specified for the purpose in the notice convening the meeting), not less than 72 hours before the time for holding the meeting, or adjourned meeting, at which the person named in the instrument proposes to vote, and in default the instrument of proxy or attorney shall not be treated as valid. The deposit of an instrument appointing a proxy does not preclude a member concerned from attending and voting in person at the meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the member concerned at the point when the member attends the meeting.</i> | <i>Authority to sign instrument of proxy to be deposited with Company.</i> |
| 92. | <i>A Member may appoint not more than two proxies to attend and vote at the same general meeting, Provided That no limit shall be imposed on the number of proxies for Relevant Intermediaries. A Member appointing more than one proxy shall specify the percentage of shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. (100%) of the shareholding and the second named proxy shall be deemed to be an alternate to the first named. Each proxy appointed by a Relevant Intermediary must be appointed to exercise the rights attached to a different share or shares held by such Relevant Intermediary (which number and class of shares shall be specified). Shareholders holding shares through Relevant Intermediaries may attend any general meeting as proxies. An instrument appointing a proxy shall be in such form as the Directors may from time to time approve. The Company shall be entitled to reject any instrument of proxy executed by a Depositor if the Depositor’s name does not appear in the Depository Register 72 hours prior to the commencement of the relevant general meeting as certified by CDP to the Company.</i> | <i>Appointment of proxies.</i> |

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| 93. | <i>A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided That no notice in writing of the death or revocation or transfer shall have been received at the Office at least 72 hours before the time fixed for holding the meeting.</i> | <i>When vote by proxy valid though authority revoked.</i> |
| 94. | <i>The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</i> | <i>Instrument deemed to confer authority to demand for poll.</i> |

NOTICES

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| 157. | <i>A notice or other document may be served by the Company upon a Member, either personally, or by sending it through the post in a prepaid letter or by telex or facsimile transmission addressed to such Member at his address as appearing in the Register or the Depository Register, as the case may be. Subject to the requirements of the Act, the listing rules of the Exchange and/or any other applicable regulations, law or procedures, and without prejudice to these Articles, a notice of a meeting or other document required or permitted to be given, sent or served under the Act or this Constitution to any person (including but not limited to a Member, an officer or the Auditors of the Company) may also be given, sent or served by the Company by way of electronic mail, posting of the notice or document on a specified website, sending of data storage devices including, without limitation, CD-ROMS and USB flash drives to the current address of that person, or such other forms of Electronic Communications as the Directors deem fit in accordance with the Act and/or any other applicable regulations, law or procedures provided always that, the Member (i) expressly consents to the service of such notice or document on him by way of such Electronic Communications; (ii) agrees to receive such notice or document by way of such Electronic Communications and shall not have a right to elect to receive a physical copy of such notice or document; or (iii) is given an opportunity to elect within a specified period of time whether to receive such notice or document by way of Electronic Communications or as a physical copy and the Member, having been given an opportunity to elect whether to receive such notice or document by way of such Electronic Communications or as a physical copy, failed to make an election within the specified time. The signature to any such notice or document (if any) may be written or printed or in electronic form which includes electronic and/or digital signatures.</i> | <i>How notices documents to be served.</i> |
| 158. | <i>All notices directed to be given to the Members shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register or the Depository Register, as the case may be, and notice so given shall be sufficient notice to all the holders of such share.</i> | <i>Notice to joint Members.</i> |

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| 159. Any Member described in the Register or the Depository Register, as the case may be, by an address not within the Republic of Singapore who shall from time to time give the Company or CDP, as the case may be, an address within the Republic of Singapore at which notices may be served upon him shall be entitled to have served upon him at such address any notice to which he would be entitled under these Articles. | Address for service. |
| 160. As regards Members who have no address appearing in the Register or the Depository Register, as the case may be, or who have not provided to the Company or CDP, as the case may be, an address within the Republic of Singapore at which notices may be served, a notice shall be deemed to be duly served on them when such notice is duly posted up in the Office or advertised in a newspaper circulating in Singapore. | Where no address. |
| 161. Any document other than a notice required to be served on a Member, may be served in like manner as a notice may be given to him under these Articles. The signature to any such notice or document (if any) may be written or printed. | Service of documents. |
| 162. Any notice or other document required to be sent or served upon the Company or upon any officer of the Company may be sent or served by leaving the same or sending it through the post in a prepaid letter, envelope or wrapper or by telex or facsimile transmission addressed to the Company or to such officer at the Company. | Service on Company. |
| 163. Any notice or other document, if served personally or sent by post, shall be deemed to have been served at the time the same is left at the address of the Member in the Register or the Depository Register, as the case may be, if served personally and at the time when the letter containing the same is put into the post if sent by post, and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office. Any notice or other document if served or sent by Electronic Communication shall be deemed to have been duly given, sent, served or delivered upon transmission of the Electronic Communication to the current address of such person or as otherwise provided under the Act and/or any other applicable regulations, law or procedures. | When service effected. |
| 164. Every person who, by operation of law, transfer or any other means whatsoever, becomes entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register or the Depository Register, as the case may be, shall be duly given to the person from whom he derives his title in respect of such share. | Transferees bound by prior notice. |
| 165. Any notice or document served upon or sent to, or left at the address in the Register or the Depository Register, as the case may be, of any Member in pursuance of these Articles, shall, notwithstanding that such Member be then deceased or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share in respect of which he is a Member, whether solely or jointly with other persons, until some other person be registered or named in the Depository Register in his stead as a Member or joint Member in respect of such share, and such service shall, for all purposes of these Articles, be deemed a sufficient service of such notice or document on his executors, administrators or assigns, and all persons (if any) jointly interested with him in such share. | Notice valid though Member deceased or bankrupt. |

