

**CIRCULAR DATED 30 SEPTEMBER 2020**

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

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

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

Your attention is drawn to Section 14 of this Circular in respect of actions to be taken if you wish to attend and vote at the Extraordinary General Meeting.

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



**SHINVEST HOLDING LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198905519R)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE DISPOSAL MANDATE FOR THE PROPOSED DISPOSAL, IN WHOLE OR IN PART,  
OF THE COMPANY'S 6.0% SHAREHOLDING IN THE ISSUED AND PAID UP SHARE  
CAPITAL OF ESPRESSIF SYSTEMS (SHANGHAI) CO., LTD.,  
COMPRISING 4,800,000 ORDINARY SHARES**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form : Monday, 12 October 2020 at 10.00 a.m.

Date and time of Extraordinary General Meeting : Thursday, 15 October 2020 at 10.00 a.m. (to be held by electronic means)

# CONTENTS

|   | <b>Page</b> |
|---|-------------|
| <b>DEFINITIONS</b> .....  | 3           |
| 1. INTRODUCTION.....  | 7           |
| 2. THE DISPOSAL MANDATE.....  | 7           |
| 3. REQUIREMENT FOR SHAREHOLDER APPROVAL.....                                  | 7           |
| 4. INFORMATION ON ESPRESSIF.....  | 8           |
| 5. RATIONALE FOR THE PROPOSED DISPOSAL AND DISPOSAL MANDATE.....              | 9           |
| 6. TERMS OF THE DISPOSAL MANDATE.....   | 12          |
| 7. PROTECTION FOR SHAREHOLDERS.....   | 13          |
| 8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL.....                            | 14          |
| 9. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL..... | 17          |
| 10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....                  | 18          |
| 11. DIRECTORS' SERVICE CONTRACTS.....   | 18          |
| 12. DIRECTORS' RECOMMENDATION.....  | 19          |
| 13. EXTRAORDINARY GENERAL MEETING.....  | 19          |
| 14. ACTION TO BE TAKEN BY THE SHAREHOLDERS.....                               | 19          |
| 15. DIRECTORS' RESPONSIBILITY STATEMENT.....                                  | 19          |
| 16. DOCUMENTS AVAILABLE FOR INSPECTION.....                                   | 19          |
| <b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....                          | 20          |
| <b>PROXY FORM</b>   |             |

## DEFINITIONS

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

|   |   |   |
|---|---|---|
| <b>“Annual General Meeting”</b>                     | : | An annual general meeting of the Company  |
| <b>“Board”</b>                                      | : | Board of Directors of the Company   |
| <b>“Business Day”</b>                               | : | A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore   |
| <b>“CDP”</b>  | : | The Central Depository (Pte) Limited  |
| <b>“Circular”</b>                                   | : | This circular dated 30 September 2020 to Shareholders   |
| <b>“Companies Act”</b>                              | : | The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time   |
| <b>“Company”</b>                                    | : | Shinvest Holding Ltd.   |
| <b>“Directors”</b>                                  | : | The directors of the Company for the time being   |
| <b>“Disposal Mandate”</b>                           | : | The mandate to authorise the Company to dispose of, in whole or in part, the Disposal Shares, the terms of which are set out in Section 6 of this Circular  |
| <b>“Disposal Proceeds”</b>                          | : | The proceeds from the Company’s disposal of the Disposal Shares under the Disposal Mandate  |
| <b>“Disposal Shares”</b>                            | : | 4,800,000 Espressif Shares, being the Company’s shareholding in the issued and paid-up share capital of Espressif Shanghai, based on publicly-available information as at the Latest Practicable Date |
| <b>“EGM” or<br/>“Extraordinary General Meeting”</b> | : | The extraordinary general meeting of the Company to be held by electronic means on 15 October 2020 in relation to the Proposed Disposal, notice of which is set out on page 20 of this Circular       |
| <b>“EPS”</b>  | : | Earnings per Share  |
| <b>“Espressif”</b>                                  | : | Espressif Systems (Shanghai) Co., Ltd.  |
| <b>“Espressif Shares”</b>                           | : | Ordinary shares in the issued share capital of Espressif  |
| <b>“FY”</b>   | : | In relation to the Company, shall refer to the financial year ended 31 August, and in relation to Espressif, shall refer to the financial year ended 31 December, as the case may be                  |
| <b>“FY2019 Financial Statements”</b>                | : | The audited consolidated financial statements of the Group for FY2019   |
| <b>“Group”</b>                                      | : | The Company and its subsidiaries  |

|                                  |   |   |
|----------------------------------|---|---|
| <b>“Latest Practicable Date”</b> | : | 31 August 2020, being the latest practicable date prior to the printing of this Circular  |
| <b>“Listing Manual”</b>          | : | The listing manual of the SGX-ST, as amended or modified from time to time  |
| <b>“Market Day”</b>              | : | A day on which the SGX-ST and/or SSE is open for trading in securities, where applicable  |
| <b>“Minimum Price”</b>           | : | A price being no more than a fifteen per cent (15.0%) discount to the closing price of Espressif Shares on the SSE STAR Market on the Market Day preceding the date of each transaction under the Disposal Mandate  |
| <b>“Notice of EGM”</b>           | : | The notice of the EGM which is set out on page 20 of this Circular  |
| <b>“NTA”</b>                     | : | Net tangible assets   |
| <b>“PRC”</b>                     | : | People’s Republic of China  |
| <b>“Proposed Disposal”</b>       | : | The proposed disposal, in whole or in part, by the Company of the Disposal Shares, representing 6.0% of the existing issued and paid-up share capital of Espressif  |
| <b>“Relevant Intermediary”</b>   | : | Shall have the meaning ascribed to it in Section 181(6) of the Companies Act, being: <ul style="list-style-type: none"> <li>a) a banking corporation licensed under the Banking Act (Cap. 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;</li> <li>b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or</li> <li>c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36 of Singapore), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation</li> </ul> |
| <b>“Relevant Period”</b>         | : | The 12 months ended 31 August 2020  |
| <b>“RMB”</b>                     | : | Renminbi, the lawful currency of the PRC  |
| <b>“Securities Account”</b>      | : | A securities account maintained by a depositor with CDP but does not include a securities sub-account maintained with a depository agent  |

|                           |   |   |
|---------------------------|---|---|
| “SFA”                     | : | The Securities and Futures Act (Cap. 289 of Singapore), as amended or modified from time to time  |
| “SGX-ST”                  | : | Singapore Exchange Securities Trading Limited   |
| “Shareholders”            | : | Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “ <b>Shareholders</b> ” shall, where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited  |
| “Share Registrar”         | : | RHT Corporate Advisory Pte. Ltd.  |
| “Shares”                  | : | Ordinary shares in the issued share capital of the Company  |
| “SSE”                     | : | Shanghai Stock Exchange   |
| “SSE STAR Market”         | : | Shanghai Stock Exchange STAR Market   |
| “Substantial Shareholder” | : | Shall have the meaning ascribed to it in Section 81 of the Companies Act and Section 2(4) of the SFA, being a person who: <ul style="list-style-type: none"> <li>a) has an interest or interests in one (1) or more Shares in the Company; and</li> <li>b) the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the Shares in the Company</li> </ul> |
| “6MFY2020”                | : | In relation to the Company, shall refer to the six-month financial period ended 29 February 2020, and in relation to Espressif, shall refer to the six-month financial period ended 30 June 2020  |
| “S\$” and “cents”         | : | Singapore dollars and cents respectively, being the currency of Singapore   |
| “%” or “per cent”         | : | Per centum or percentage  |

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

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include firms, corporations and other entities. Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted up to the Latest Practicable Date. Any term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

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

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

In this Circular, unless otherwise stated, the total number of issued Shares is 29,905,222 Shares based on the results of searches conducted on the Accounting and Corporate Regulatory Authority of Singapore as at the Latest Practicable Date. The Company does not have any treasury shares.

*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 “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.*

# LETTER TO SHAREHOLDERS

## SHINVEST HOLDING LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198905519R)

### Directors:

Loh Suan Len, FCA, FCPA (Non-Executive Chairman and Independent Director)  
Teo Teck Leong (Managing Director)  
Dr Chau Sik Ting, PBM, BBM (Independent Director)  
Teo Eng Thian (Executive Director and Chief Operating Officer)

### Registered Office:

3 Kian Teck Crescent  
Singapore 628881

30 September 2020

To: The Shareholders of the Company

Dear Sir/Madam

### THE DISPOSAL MANDATE FOR THE PROPOSED DISPOSAL, IN WHOLE OR IN PART, OF THE COMPANY'S 6.0% SHAREHOLDING IN THE ISSUED AND PAID UP SHARE CAPITAL OF ESPRESSIF SYSTEMS (SHANGHAI) CO., LTD., COMPRISING 4,800,000 ORDINARY SHARES

#### 1. INTRODUCTION

- 1.1 The Board is proposing to seek the approval of the Shareholders for the proposed disposal (the "**Proposed Disposal**"), in whole or in part, of 4,800,000 Espressif shares (the "**Disposal Shares**"), being the Company's shareholding in the issued and paid-up share capital of Espressif, representing 6.0% of the existing issued and paid-up share capital of Espressif, based on publicly available information as at the Latest Practicable Date. The Board is proposing to seek such approval at an Extraordinary General Meeting of the Company to be held by electronic means on 15 October 2020 at 10.00 a.m. (the "**EGM**").
- 1.2 The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal to be tabled at the EGM.
- 1.3 The SGX-ST takes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Circular.

#### 2. THE DISPOSAL MANDATE

- 2.1 The Company proposes to seek approval from the Shareholders for a mandate to authorise the Company to dispose of, in whole or in part, the Disposal Shares, the terms of which are set out in Section 6 of this Circular (the "**Disposal Mandate**"). In the event the Company disposes in whole the Disposal Shares, the Company will cease to hold any Espressif Shares.

#### 3. REQUIREMENT FOR SHAREHOLDER APPROVAL

- 3.1 Chapter 10 of the Listing Manual governs the continuing listing obligations of a listed company in respect of acquisitions and realisations. Under Rule 1014 of the Listing Manual, Shareholders' approval must be obtained for "major transactions" within the meaning of Chapter 10 of the Listing Manual. Rule 1006 of the Listing Manual sets out the computation for relative figures for acquisitions and disposals of assets by a listed issuer. Shareholders' approval is required if any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and such a transaction is classified as a "major transaction". In determining whether a disposal transaction or a series of disposal transactions is considered a major transaction, the SGX-ST may aggregate separate transactions completed within a 12-month period and treat these transactions as one transaction under Rule 1005 of the Listing Manual.

- 3.2** If the Company disposes of all or any part of the Disposal Shares, the applicable relative figures computed on the bases set out in Rule 1006 of the Listing Manual may exceed 20%. While it may be that a single disposal transaction under the Disposal Mandate may, in itself, trigger the requirement of the Shareholders' approval in accordance with Rule 1014 of the Listing Manual, the Directors believe that it is also possible that Shareholders' approval will be required if the Proposed Disposal is undertaken by way of separate, smaller transactions within a 12-month period and which the SGX-ST may aggregate and consider as a single transaction. As such, the Company is seeking the prior approval of the Shareholders for the Disposal Mandate.

#### **4. INFORMATION ON ESPRESSIF**

##### **4.1 General Information**

Based on publicly available information as at the Latest Practicable Date, Espressif is a company incorporated in Shanghai, China in 2008 and was subsequently listed on the SSE STAR Market on 22 July 2019. Espressif is a fabless semiconductor design group, specialising in wireless connectivity chipsets and software solutions for tablets, TV boxes, Internet of Things (IoT), as well as wearable electronics applications.

Shareholders can refer to Espressif's website (<http://www.espressif.com>) for more information on Espressif.

##### **4.2 Financial Information**

Based on publicly available information as at the Latest Practicable Date, a summary of the audited financial statements of Espressif for the past financial year ended 31 December 2019, and the unaudited financial statements of Espressif for 6MFY2020 is set out below:

##### **Statements of Comprehensive Income**

|                          | <b>Financial year ended 31 December</b> |                              |
|--------------------------|---|------------------------------|
|                          | <b>FY2019<br/>RMB '000</b>              | <b>6MFY2020<br/>RMB '000</b> |
| Revenue                  | 757,429                                 | 293,203                      |
| Profit/(loss) before tax | 172,064                                 | 37,586                       |
| Profit/(loss) after tax  | 158,505                                 | 34,740                       |

##### **Statements of Financial Position**

|                         | <b>Financial year ended 31 December</b> |                              |
|-------------------------|---|------------------------------|
|                         | <b>FY2019<br/>RMB '000</b>              | <b>6MFY2020<br/>RMB '000</b> |
| Non-Current Assets      | 44,285                                  | 42,985                       |
| Current Assets          | 1,680,762                               | 1,637,619                    |
| Current Liabilities     | 77,207                                  | 50,092                       |
| Net Current Assets      | 1,603,555                               | 1,587,527                    |
| Non-Current Liabilities | 38,017                                  | 43,541                       |
| Share Capital           | 80,000                                  | 80,000                       |
| Total Equity            | 1,609,823                               | 1,586,971                    |



### 4.3 Prices of Espressif Shares

The following table sets out the historical trading prices of Espressif Shares on the SSE for the 12 months ended 31 August 2020 (the “**Relevant Period**”):

| Period          | Price per Espressif Share |                       |   |
|-----------------|---------------------------|-----------------------|---|
|                 | Highest Price<br>(RMB)    | Lowest Price<br>(RMB) | Volume Weighted<br>Average Price<br>(RMB) |
| September 2019  | 197.13                    | 131.63                | 164.71                                    |
| October 2019    | 154.93                    | 129.13                | 146.81                                    |
| November 2019   | 172.94                    | 130.00                | 154.88                                    |
| December 2019   | 176.79                    | 156.13                | 167.21                                    |
| January 2020    | 254.70                    | 166.23                | 207.05                                    |
| February 2020   | 304.13                    | 188.13                | 262.74                                    |
| March 2020      | 283.63                    | 177.25                | 225.43                                    |
| April 2020      | 228.33                    | 166.13                | 202.85                                    |
| May 2020        | 217.40                    | 171.00                | 195.11                                    |
| June 2020       | 209.30                    | 173.91                | 189.13                                    |
| July 2020       | 249.98                    | 162.09                | 204.00                                    |
| August 2020     | 206.66                    | 161.00                | 184.13                                    |
|                 | Highest Price<br>(RMB)    | Lowest Price<br>(RMB) | Volume Weighted<br>Average Price<br>(RMB) |
| Relevant Period | 304.13                    | 129.13                | 192.00                                    |

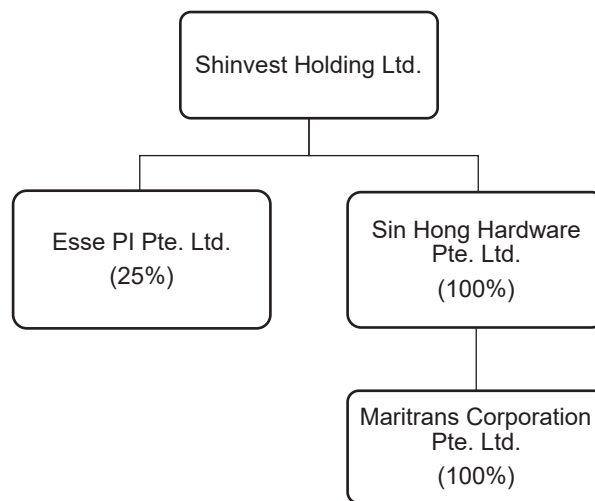
## 5. RATIONALE FOR THE PROPOSED DISPOSAL AND DISPOSAL MANDATE

- 5.1 The Company had, during the period between 10 December 2012 to 19 March 2014, acquired Espressif Shares as a strategic investment as part of the Group’s strategy of diversifying its investment portfolio to enhance shareholder value. For the reasons set out below, the Company now proposes to divest the Disposal Shares.
- 5.2 The Company has reviewed its investment portfolio and is of the view that it is an opportune time to realise its investments in Espressif. It is not under any pressure to dispose of the Disposal Shares and is not facing any upcoming debt repayment. As announced on 7 December 2012, the Company had purchased 10.0% of the Espressif Shares for USD 3,300,000. Since then, the value of Espressif Shares has increased significantly, and even more so since it started trading on the SSE STAR Market on 22 July 2019. With the moratorium period of 12-months having expired on 22 July 2020, the Company is now able to divest the Disposal Shares in accordance with the rules and regulations of the SSE STAR Market. The proceeds from the sale of the Disposal Shares will be used for future investment and improved working capital needs to the Group, as the Directors may deem appropriate in the interest of the Group.
- 5.3 For clarity, the Company sets out below the circumstances leading to the Company holding a 6.0% equity interest in Espressif:
- (a) Between the periods of December 2012 to March 2014, the Company purchased a 10.0% equity interest in Espressif Incorporated, Espressif Systems (Shanghai) Pte Ltd (乐鑫信息科技有限公司(上海)有限公司) and Espressif Microelectronic Wuxi Pte Ltd (琪鑫瑞微电子科技有限公司无锡有限公司) (hereafter referred to in this Section 5.3 as the “**Espressif Group**”) for a cash consideration of USD 3,300,000;

- (b) Over the years, the Espressif Group underwent a series of corporate restructuring exercises in preparation for listing on the SSE STAR Market, resulting in the Company holding a 10.0% shareholding in Espressif;
- (c) On 17 May 2016, investors were invited to further invest in Espressif. As the Company did not participate in this fund raising, its shareholding in Espressif was reduced to 8.9%;
- (d) On 11 June 2018, the Company entered into a share transfer agreement with Ningbo Meishan Bonded Port Zhuohao Investment Partnership (L.P.) to dispose of 0.9% equity interest in Espressif for a consideration of USD 2,250,000, resulting in the Company having an 8.0% shareholding in Espressif. The proceeds of the disposal were used to reduce the loans then owing from the Company to its subsidiary, Sin Hong Hardware Pte. Ltd.; and
- (e) On 19 July 2019, Espressif launched its Initial Public Offering (“IPO”) Prospectus where an additional 20,000,000 ordinary shares were available for subscription by public investors at an issue price of RMB 62.60 per share. Upon completion of the aforementioned IPO exercise, the total issued ordinary share capital of Espressif increased from 60,000,000 to 80,000,000 ordinary shares, resulting in the Company’s direct equity interest of 4,800,000 ordinary shares in Espressif being diluted from 8.0% to 6.0%. The Company still holds 4,800,000 ordinary shares in Espressif to date.

- 5.4** According to the rules and regulations of the SSE STAR Market, the Company is permitted to sell a maximum of 2,400,000 Espressif Shares, amounting to a 3.0% equity interest in Espressif, during the 90-day period following 22 July 2020 through either (a) an Auction Trading (竞价交易) of not more than 800,000 Espressif Shares (being a 1.0% equity interest in Espressif) (where “auction trading” means the direct selling of shares in the secondary (open) market), and (b) Block Trading (大宗交易) of not more than 1,600,000 Espressif Shares (being a 2.0% equity interest in Espressif) (where “block trading” means the sale of shares on the block trading platform of the SSE between the Company and the buyer at an agreed price and quantity after market closes). Trading prices for either trading method will be based on the actual market selling price of Espressif Shares.
- 5.5** The Company shall be utilising both avenues to the maximum extent possible for the Proposed Disposal and shall continue to observe the market and only dispose of an amount it deems appropriate. In the event the Company engages in block trading, the Company would be enlisting the assistance of a stock broker as block trading can only be effected through a broker. Auction trading can be effected both by the Company itself through the online platform by China Merchants Securities Co., Ltd. or through the assistance of a stock broker.
- 5.6** In the event the Company wishes to further divest of its shareholding in Espressif beyond the initial 3.0%, it can only do so upon the expiration of the first 90-day window, and is subject to the same restrictions set out in paragraphs 5.4 and 5.5 above. The Company would also be required to make an announcement in relation thereto.
- 5.7** As mentioned in paragraph 5.2 above, the Company is constantly reviewing its investment portfolio and is of the opinion that it is an opportune time to divest of its investment in Espressif. The divestment of the Disposal Shares will allow the Company to consider and make other profitable investments to enhance shareholder value.
- 5.8** In addition, the current global equity market outlook, including the PRC, is uncertain. As such, the Company has decided to rebalance the Company’s investment portfolio by divesting its shareholding in Espressif at this time so as to reduce its exposure to the PRC equity market.
- 5.9** Based on publicly available information as at the Latest Practicable Date, the Company holds 4,800,000 Espressif Shares, representing 6.0% of the existing issued and paid-up share capital of Espressif. The Directors do not currently consider the Company’s shareholding in Espressif as a core asset. In furtherance of paragraphs 5.2 and 5.5 above, the Company intends to fully or partially realise its entire shareholding in Espressif through one (1) or more transactions as and when the opportunities present themselves. The Disposal Mandate will facilitate the Company in accomplishing the aforementioned.

- 5.10** As at the Latest Practicable Date, the Company has not formalized or entered into any agreement or arrangement with any party with respect of the Disposal Shares. If the Company disposes of all or any part of the Disposal Shares, the applicable relative figures computed on the bases set out in Rule 1006 of the Listing Manual may exceed 20%, thereby requiring specific Shareholders' approval under the Listing Manual. Please refer to Section 9 of this Circular for the illustrative relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in relation to the disposal of the Disposal Shares under the Disposal Mandate. The Directors are of the view that the time required, and the uncertainty posed by any specific requirement, for Shareholders' approval may deter potential purchasers of the Disposal Shares. The lead-time required for the preparation of the Shareholders' circular and for the convening of an extraordinary general meeting may also put the Company at risk of missing a window of opportunity for any sale of the Disposal Shares.
- 5.11** For the reasons specified above, the Board believes that it is important that the Company obtains prior Shareholders' approval for the Disposal Mandate in order for the Company to dispose of suitable amounts of the Disposal Shares at opportune times. The Disposal Mandate will allow the Company to act flexibly and decisively on opportunities that will maximise the disposal value of the Disposal Shares but at the same time without compromising value realisation to the Shareholders. Subject to the approval of Shareholders for the Disposal Mandate, the Directors will and shall exercise the authority conferred by the Disposal Mandate in the best interests of the Company.
- 5.12** The Company intends to use the proceeds from its disposal of the Disposal Shares under the Disposal Mandate (the "**Disposal Proceeds**") for general working capital purposes of the Group and/or investment opportunities. Pending the deployment of the unutilised Disposal Proceeds for such purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may deem appropriate in the interests of the Group.
- 5.13** Upon the disposal of all the Disposal Shares, the resultant Group structure will be as follows:



Upon the disposal of the Disposal Shares, the Company shall continue to be the sole shareholder of Sin Hong Hardware Pte. Ltd. and Maritrans Corporation Pte. Ltd., and shall continue to hold a 25% stake in Esse PI Pte. Ltd. The Company would not be considered a cash company as Sin Hong Hardware Pte. Ltd. and Maritrans Corporation Pte. Ltd. remain fully operational as a distributor of a wide range of industrial fasteners, both standard and non-standard.

## 6. TERMS OF THE DISPOSAL MANDATE

### 6.1 The terms of the Disposal Mandate are as follows:

- (a) all or part of the Disposal Shares may be disposed, in one (1) or more transactions through (a) an Auction Trading (竞价交易), (b) Block Trading (大宗交易), or (c) such combination of both methods as the Board may determine in the best interests of the Company, without seeking the specific approval of the Shareholders for each such disposal, but at all times subject to the rules and regulations of the SSE STAR Market;
- (b) all or part of the Disposal Shares shall be disposed at a price which the Directors deem fair and reasonable after taking into account the relevant factors, and the consideration in respect of such disposal shall be satisfied in such manner as the Board deems fit in the best interest of the Company, including, whether in whole or in part, by way of cash, cash equivalents or marketable securities, provided that each disposal carried out under the Disposal Mandate will be at or above the Minimum Price per Disposal Share;
- (c) if approved by the Shareholders at the EGM, the authority conferred by the Disposal Mandate will continue in force for a period commencing from and including the day following the day of the EGM until the Annual General Meeting of the Company for FY2021 is held (whereupon at the end of the period it will lapse, unless renewed) or until it is varied or revoked by the Company in a general meeting, whichever is the earlier. During the period when the Disposal Mandate is in force, the Company may enter into a sale and purchase agreement with any prospective purchaser of the Disposal Shares, and such agreement shall not be subject to the specific approval of the Shareholders, notwithstanding that the completion date of the transaction may fall on a date after the Disposal Mandate has lapsed;
- (d) the sale of the Disposal Shares (or any part thereof) shall not result in a breach of any agreement or legal instrument to which the Company is a party;
- (e) an intending purchaser for all or part of the Disposal Shares shall not be an interested person of the Company, unless the specific approval of the Shareholders for such transaction is obtained in accordance with Chapter 9 of the Listing Manual;
- (f) any negotiation, if applicable, with an intending purchaser for all or part of the Disposal Shares shall be concluded on an arm's length and commercial basis, taking into consideration such factors as the Directors may deem fit in the interest of the Company; and
- (g) the Directors will in accordance with their fiduciary duties at law, act in the best interests of the Company in exercising any authority conferred by the Disposal Mandate.

For the purposes of sub-paragraph (e) above:

- (i) an “**interested person**” means a director, chief executive officer or controlling shareholder of the Company, or an associate of such director, chief executive officer or controlling shareholder;
- (ii) a “**controlling shareholder**” means a person who holds directly or indirectly 15% or more of the total number of all issued shares excluding treasury shares in the Company (unless otherwise excepted by the SGX-ST), or in fact exercises control over the Company; and
- (iii) an “**associate**”, in relation to any director, chief executive officer or controlling shareholder (being an individual), means his immediate family (i.e. spouse, children, adopted children, step-children, siblings and parents), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he or his immediate family together (directly or indirectly) have an interest of 30% or more; in relation to a controlling shareholder (being a company), means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

- 6.2** Assuming that the approval of the Shareholders for the Disposal Mandate is obtained at the EGM, the directors will be responsible for facilitating the Proposed Disposal. The Directors will exercise the authority conferred by the Disposal Mandate in a judicious manner, and in the best interests of the Company.
- 6.3** If the Directors are not able to dispose of the Disposal Shares in accordance with the terms set forth above, the Company shall seek a fresh mandate for specific approval for the transaction pursuant to Rule 1014 of the Listing Manual, as applicable.
- 6.4** The Company will not be allowed to use the Disposal Shares as securities for financing after the Disposal Mandate has been approved by shareholders.

## **7. PROTECTION FOR SHAREHOLDERS**

### **7.1 Minimum Price**

In order to protect the Shareholders' interests in respect of any disposal carried out under the Disposal Mandate, the Board will ensure that each transaction carried out under the Disposal Mandate will be at or above the Minimum Price per Disposal Share. This is also in line with the rules of the SSE STAR Market as stated in paragraph 5.4 above. The Board will continually monitor the price of the Espressif Shares on the SSE STAR Market to ensure that any disposal will be fair and reasonable after taking into account the relevant factors and in the best interest of the Company.

The Board proposes that the Minimum Price per Disposal Share be fixed at a price being no more than a 15% discount to the closing price of Espressif Shares on the SSE STAR Market on the Market Day preceding the date of each transaction under the Disposal Mandate as the SSE STAR Market imposes a "no-sale" period of 6 months on the purchaser of the Disposal Shares when the Disposal Shares are purchased by way of Block Trading. In light of the increase in risk borne by the purchaser by reason of the aforementioned "no-sale" period, the Board is of the opinion that a discount of up to 15% is a reasonable and sufficient incentive for prospective purchasers. The Company had also sought trading advice from securities firm UBS Securities Co. Limited in China. Based on UBS' feedback on current block trading transactions on the SSE STAR Market, the discount rate applied to the prices of shares for companies similar to Espressif Shanghai ranges from 20% to 25%. Accordingly, in the interest of protecting the Company's Shareholders, and bearing in mind current market practices, the Board proposes to fix the maximum discount at 15%.

### **7.2 Announcement of Disposals**

The Company will also keep the Shareholders informed of transactions conducted under the Disposal Mandate by doing the following:

- (a) if any single transaction conducted under the Disposal Mandate, or any further transaction (when aggregated with all previous transactions conducted under the Disposal Mandate) exceeds five per cent (5%) of any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual, the Company will make an announcement setting out the information required under Rule 1010 of the Listing Manual. Such transactions are "discloseable transactions" as defined under Rule 1010 of the Listing Manual;
- (b) if the transaction(s) conducted under the Disposal Mandate results in the Company having to make a notification of change in its shareholding in Espressif under the listing rules of the SSE STAR Market and/or the SFA, the Company will make an announcement of the same;
- (c) the Company will make an immediate announcement of the transaction(s) conducted under the Disposal Mandate in accordance with Rule 704(18)(a) and Rule 704(18)(b) of the Listing Manual, as may be applicable; and
- (d) upon the earlier disposal of all the Disposal Shares or upon the expiry of the Disposal Mandate, the Company will make an announcement of such a fact.

## 8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 8.1 The aggregate proceeds that the Company will receive from the Proposed Disposal, and the extent to which it represents a gain or loss to the book value or acquisition cost of the Espressif Shares depends on a number of variables, including the method of disposal of the Espressif Shares, the price of the Espressif Shares listed on the SSE STAR Market and the Singapore/Chinese Yuan exchange rate. No valuation report was procured for the Espressif Shares as it is publicly listed.
- 8.2 The pro forma financial effects of the Proposed Disposal are purely for illustrative purposes and are neither indicative of the actual financial effects of the Proposed Disposal on the EPS and NTA of the Company, nor are they indicative of the actual financial performance or the financial position of the Company for FY2019.

The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY 2019 (the “**FY2019 Financial Statements**”), being the most recently completed financial year, and on the following key bases and assumptions:

- (a) for the purposes of illustrating the financial effects of the Proposed Disposal on the EPS of the Group, it is assumed that the Proposed Disposal had been completed on 1 September 2018;
- (b) for the purposes of illustrating the financial effects of the NTA per Share of the Group, it is assumed that the Proposed Disposal had been completed on 31 August 2019; and
- (c) the NTA per Share is computed based on the 29,905,222 Shares in issues as at 31 August 2019, and the EPS of the Group is computed based on the weighted average number of 29,905,222 Shares in issue in FY2019. The Company does not have any treasury shares.
- 8.3 **Assuming that the Disposal Shares are disposed at their volume weighted average price of RMB 192.00 or RMB 163.20 (assuming a maximum discount of 15%) for the Relevant Period:**

### NTA

|                       | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at RMB 192.00)</b> | <b>After the<br/>Proposed Disposal<br/>(at RMB 163.20)</b> |
|-----------------------|---|--|--|
| NTA (S\$ '000)        | 116,693                                 | 162,895  | 141,123  |
| NTA per Share (cents) | 390.209                                 | 544.705  | 471.901  |

### EPS

|   | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at RMB 192.00)</b> | <b>After the<br/>Proposed Disposal<br/>(at RMB 163.20)</b> |
|---|---|--|--|
| Profit/(loss) attributable to shareholders (S\$ '000) | 74,737                                  | 118,847  | 97,075   |
| Profit/(loss) per Share (cents)                       | 249.912                                 | 397.413  | 324.609  |

### Gain on Disposal

Based on the Disposal Price of RMB 192.00 per Disposal Share, the Company will record a gain of approximately S\$49,254,329 as a result of the Proposed Disposal assuming that the Company's entire shareholding in the issued capital of Espressif is disposed. Assuming a 15% discount is applied to the Disposal Price, the Company will record a gain of approximately S\$26,065,159 as a result of the Proposed Disposal.

**8.4 Assuming that the Disposal Shares are disposed at their highest traded price of RMB 304.13 or RMB 258.51 (assuming a maximum discount of 15%) for the Relevant Period:**

**NTA**

|                       | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at 304.13)</b> | <b>After the<br/>Proposed Disposal<br/>(at 258.51)</b> |
|-----------------------|---|--|--|
| NTA (S\$ '000)        | 116,693                                 | 247,663  | 213,175  |
| NTA per Share (cents) | 390.209                                 | 828.158  | 712.835  |

**EPS**

|   | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at 304.13)</b> | <b>After the<br/>Proposed Disposal<br/>(at 258.51)</b> |
|---|---|--|--|
| Profit/(loss) attributable to shareholders (S\$ '000) | 74,737                                  | 203,615  | 169,127  |
| Profit/(loss) per Share (cents)                       | 249.912                                 | 680.866  | 565.543  |

**Gain on Disposal**

Based on the Disposal Price of RMB 304.13 per Disposal Share, the Company will record a gain of approximately S\$139,539,110 as a result of the Proposed Disposal assuming that the Company's entire shareholding in the issued capital of Espressif is disposed. Assuming a 15% discount is applied to the Disposal Price, the Company will record a gain of approximately S\$102,806,820 as a result of the Proposed Disposal.

**8.5 Assuming that the Disposal Shares are disposed at their lowest traded price of RMB 129.13 or RMB 109.76 (assuming a maximum discount of 15%) for the Relevant Period:**

**NTA**

|                       | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at 129.13)</b> | <b>After the<br/>Proposed Disposal<br/>(at 109.76)</b> |
|-----------------------|---|--|--|
| NTA (S\$ '000)        | 116,693                                 | 115,367  | 100,724  |
| NTA per Share (cents) | 390.209                                 | 385.776  | 336.810  |

**EPS**

|   | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at 129.13)</b> | <b>After the<br/>Proposed Disposal<br/>(at 109.76)</b> |
|---|---|--|--|
| Profit/(loss) attributable to shareholders (S\$ '000) | 74,737                                  | 71,319   | 56,676   |
| Profit/(loss) per Share (cents)                       | 249.912                                 | 238.484  | 189.518  |

**Loss on Disposal**

Based on the Disposal Price of RMB 129.13 per Disposal Share, the Company will record a loss of approximately S\$1,367,308 as a result of the Proposed Disposal assuming that the Company's entire shareholding in the issued capital of Espressif is disposed. Assuming a 15% discount is applied to the Disposal Price, the Company will record a loss of approximately S\$16,963,636 as a result of the Proposed Disposal.

**8.6 Assuming that the Disposal Shares are disposed at their latest traded price of RMB 174.50 or RMB 148.33 (assuming a maximum discount of 15%) as of the Latest Practicable Date:**

**NTA**

|                       | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at 174.50)</b> | <b>After the<br/>Proposed Disposal<br/>(at 148.33)</b> |
|-----------------------|---|--|--|
| NTA (S\$ '000)        | 116,693                                 | 149,666  | 129,882  |
| NTA per Share (cents) | 390.209                                 | 500.466  | 434.311  |

**EPS**

|   | <b>Before the<br/>Proposed Disposal</b> | <b>After the<br/>Proposed Disposal<br/>(at 174.50)</b> | <b>After the<br/>Proposed Disposal<br/>(at 148.33)</b> |
|---|---|--|--|
| Profit/(loss) attributable to shareholders (S\$ '000) | 74,737                                  | 105,618  | 85,834   |
| Profit/(loss) per Share (cents)                       | 249.912                                 | 353.174  | 287.019  |

**Gain on Disposal**

Based on the Disposal Price of RMB 174.50 per Disposal Share, the Company will record a gain of approximately S\$35,163,687 as a result of the Proposed Disposal assuming that the Company's entire shareholding in the issued capital of Espressif is disposed. Assuming a 15% discount is applied to the Disposal Price, the Company will record a gain of approximately S\$14,092,139 as a result of the Proposed Disposal.

**8.7 Pro Forma Financial Information of the remaining Group after the Proposed Disposal**

For illustrative purposes, on the assumption that the Espressif Shares were disposed of at a price of RMB 174.50 (being the last traded price of Espressif Shares as of the Latest Practicable Date), or at a price of RMB 148.33 (being the last traded price of Espressif Shares as of the Latest Practicable Date less the maximum discount of 15%) the pro forma financial information of the remaining Group after the Proposed Disposal based on the unaudited financial statements of the Company for 6MFY2020 is set out below:

**Statements of Comprehensive Income**

|                          | <b>6MFY2020<br/>SGD '000<br/>(at RMB 174.50)</b> | <b>6MFY2020<br/>SGD '000<br/>(at RMB 148.33)</b> |
|--------------------------|--|--|
| Revenue                  | 7,425  | 7,425  |
| Profit/(loss) before tax | 36,052   | 13,927   |
| Profit/(loss) after tax  | 32,089   | 12,305   |

**Statements of Financial Position**

|                         | <b>6MFY2020<br/>SGD '000<br/>(at RMB 174.50)</b> | <b>6MFY2020<br/>SGD '000<br/>(at RMB 148.33)</b> |
|-------------------------|--|--|
| Non-Current Assets      | 9,332  | 9,332  |
| Current Assets          | 160,127  | 139,056  |
| Current Liabilities     | 10,884   | 10,884   |
| Net Current Assets      | 149,243  | 128,172  |
| Non-Current Liabilities | 9,044  | 7,756  |
| Share Capital           | 26,700   | 26,700   |
| Total Equity            | 149,532  | 129,748  |



## 9. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

9.1 The relative figures computed on the relevant bases in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced unaudited first half financial statements of the Group for financial year ended 31 August 2020 are as follows:

|                     |  | Assuming no discount   | Assuming 15% discount  |
|---------------------|--|--|--|
| <b>Rule 1006(a)</b> | net asset value of the assets to be disposed of, compared with the group's net asset value   | 98% <sup>(1)</sup>   | 98% <sup>(1)</sup>   |
| <b>Rule 1006(b)</b> | net profits attributable to the assets acquired or disposed of, compared with the group's net profits  | 107% <sup>(2)</sup>  | 107% <sup>(2)</sup>  |
| <b>Rule 1006(c)</b> | aggregate value of the consideration received from the Proposed Disposal compared with the Company's market capitalisation of S\$90,612,823 <sup>(3)</sup> as of 31 Aug 2020 | 202% <sup>(4)</sup><br>321% <sup>(5)</sup><br>136% <sup>(6)</sup><br>184% <sup>(7)</sup> | 172% <sup>(8)</sup><br>273% <sup>(9)</sup><br>116% <sup>(10)</sup><br>156% <sup>(11)</sup> |
| <b>Rule 1006(d)</b> | number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue                    | Not applicable   | Not applicable   |
| <b>Rule 1006(e)</b> | aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves                        | Not applicable   | Not applicable   |

Notes:

- (1) Based on the net asset value of 6.0% of Espressif Shares, amounting to S\$196,089,040, against the Group's net asset value as of 29 February 2020 of S\$199,528,390.
- (2) Based on the net profit attributable to the Group as fair value gain on financial assets as at 29 February 2020 holding 6.0% of Espressif Shares, amounting to S\$100,187,532, against the Group's net profits before tax of S\$93,807,681 as at 29 February 2020.
- (3) "market capitalisation" is calculated by the number of shares of the Company (excluding treasury shares) of 29,905,222 multiplied by the volume weighted average market price of S\$3.03 of the Company's Shares as at 31 August 2020, being the last Market Day on which Shares were traded preceding the Latest Practicable Date.
- (4) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 192.00 per Disposal Share (being the volume-weighted average price of Espressif Shares traded on the SSE for the Relevant Period).
- (5) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 304.13 per Disposal Share (being the highest traded price of Espressif Shares traded on the SSE for the Relevant Period).
- (6) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 129.13 per Disposal Share (being the lowest traded price of Espressif Shares traded on the SSE for the Relevant Period).
- (7) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 174.50 per Disposal Share (being the last traded price of Espressif Shares traded on the SSE as at the Latest Practicable Date).
- (8) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 163.20 per Disposal Share (being the volume-weighted average price of Espressif Shares traded on the SSE for the Relevant Period less the maximum discount of 15%).
- (9) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 258.51 per Disposal Share (being the highest traded price of Espressif Shares traded on the SSE for the Relevant Period less the maximum discount of 15%).
- (10) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 109.76 per Disposal Share (being the lowest traded price of Espressif Shares traded on the SSE for the Relevant Period less the maximum discount of 15%).

- (11) Based on the assumption that the Disposal Shares are entirely disposed under the Disposal Mandate at a price of RMB 148.33 per Disposal Share (being the last traded price of Espressif Shares traded on the SSE as at the Latest Practicable Date less the maximum discount of 15%).

The Company had submitted an application to SGX-ST on 10 September 2020 for a waiver to comply with Rule 1014(5) of the Listing Manual to appoint an independent valuer to value the Espressif Shares despite the figures computed on the bases set out in Rule 1006 exceeding 75% as the Company is of the opinion that the Espressif Shares are sufficiently traded on the SSE STAR Market such that the traded prices are reflective of the market value of the Espressif Shares. The Company received a letter approving the waiver on 15 September 2020.

## 10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 10.1 Interests of Directors

| Name of Director              | Direct Interest |       | Indirect Interest        |       | Total Interest |
|-------------------------------|-----------------|-------|--------------------------|-------|----------------|
|                               | No. of Shares   | %     | No. of Shares            | %     | (%)            |
| Teo Eng Thian <sup>(5)</sup>  | 1,537,500       | 5.141 | –                        | –     | 5.141          |
| Loh Suan Len                  | 526,375         | 1.760 | 202,400 <sup>(1)</sup>   | 0.677 | 2.437          |
| Teo Teck Leong                | 424,120         | 1.418 | 2,865,900 <sup>(2)</sup> | 9.583 | 11.001         |
| Chau Sik Ting @ Chao Sik Ting | 115,400         | 0.386 | 20,000 <sup>(6)</sup>    | 0.067 | 0.453          |

### 10.2 Interests of Substantial Shareholders

| Substantial Shareholder      | Direct Interest          |       | Indirect Interest        |       | Total Interest |
|------------------------------|--------------------------|-------|--------------------------|-------|----------------|
|                              | No. of Shares            | %     | No. of Shares            | %     | %              |
| SHK Investment Pte. Ltd.     | 2,375,000 <sup>(3)</sup> | 7.942 | –                        | –     | 7.942          |
| Low Chin Kwee and Ng Ban Low | –                        | –     | 2,370,000 <sup>(4)</sup> | 7.925 | 7.925          |
| Teo Eng Hwee <sup>(5)</sup>  | 1,925,000                | 6.437 | –                        | –     | 6.437          |
| Teo Eng Shing <sup>(5)</sup> | 1,925,000                | 6.437 | –                        | –     | 6.437          |
| Estate of Ong Tze King       | –                        | –     | 1,495,758 <sup>(4)</sup> | 5.002 | 5.002          |

Notes:

- (1) Held by Mr. Loh Suan Len's wife.
- (2) 2,375,000 Shares are held in the name of SHK Investments Pte Ltd, 478,900 Shares are held in the name of Maybank Kim Eng Secs Pte Ltd, and 12,000 Shares are held in the name of Mr. Teo Teck Leong's wife.
- (3) 2,375,000 Shares are held for Teo Teck Leong.
- (4) Held by DBS Nominees Pte. Ltd.
- (5) Teo Eng Thian, Teo Eng Hwee, and Teo Eng Shing are the siblings or nephews of Teo Teck Leong.
- (6) Held by Dr Chau Sik Ting's wife.

### 10.3 Interests in the Transactions

None of the Directors of the Company, and to the best of the knowledge of the Directors, none of the Substantial Shareholders, have any interest, direct or indirect, in the Proposed Disposal, other than by reason only of being a Director or a Shareholder of Shares (as set out in paragraph 10.1 of this Circular).

## 11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal and no service contract is proposed to be entered into by the Company and any such person in connection with the Proposed Disposal.

## **12. DIRECTORS' RECOMMENDATION**

Having considered, among others, the rationale for the Proposed Disposal and the Disposal Mandate set out in Section 5 of this Circular and the terms of the Disposal Mandate set out in Section 6 of this Circular, the Directors are of the opinion that the Proposed Disposal (including the Disposal Mandate) is in the best interests of the Company and not prejudicial to the interests of the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution as set out in the Notice of EGM.

## **13. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 20 of this Circular, will be held by electronic means on 15 October 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM.

## **14. ACTION TO BE TAKEN BY THE SHAREHOLDERS**

Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (amended on 29 September 2020), the Company may provide for members to appoint the Chairman of the EGM as a member's proxy to vote at the EGM by submitting a proxy form to appoint the Chairman of the EGM to vote on his/her/its behalf and/or provide for the member to vote at the EGM through an electronic voting system (subject to certain conditions being satisfied).

Due to time constraints and to reduce unnecessary expenses, the Company will not be providing an electronic voting system at the EGM to be convened. Accordingly, members will not be able to vote online on the resolution to be tabled for approval at the EGM. Members (whether individual or corporate) who wish to vote at the EGM must submit a proxy form to appoint the Chairman of the EGM to vote on his/her/its behalf.

Shareholders who wish to vote at the EGM should complete, sign and return the attached proxy form in accordance with the instructions printed on the Notice of EGM and proxy form as soon as possible and, in any event, so as to arrive at the office of the Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, no later than 72 hours before the time fixed for the EGM. A depositor shall not be regarded as a member entitled to vote unless his name appears in the Depository Register 72 hours before the time appointed for holding the EGM.

## **15. DIRECTORS' RESPONSIBILITY STATEMENT**

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

## **16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the office of the Company at during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the annual report of the Company for FY2019; and
- (b) the Constitution of the Company.

Yours faithfully  
For and on behalf of the Board of Directors of  
**Shinvest Holding Ltd.**

**Teo Teck Leong**  
Managing Director

**SHINVEST HOLDING LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198905519R)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 30 September 2020 issued by Shinvest Holding Ltd. (the “Circular”).*

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Shinvest Holding Ltd. (the “**Company**”) will be held by electronic means on 15 October 2020\* at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without any amendments, the following resolutions:

**AS ORDINARY RESOLUTION**

**ORDINARY RESOLUTION – THE DISPOSAL MANDATE FOR THE PROPOSED DISPOSAL, IN WHOLE OR IN PART, OF THE COMPANY’S 6.0% SHAREHOLDING IN THE ISSUED AND PAID UP SHARE CAPITAL OF ESPRESSIF SYSTEMS (SHANGHAI) CO., LTD., COMPRISING 4,800,000 ORDINARY SHARES (“ESPRESSIF”)**

That:

- (a) approval be and is hereby given, for the purposes of Chapter 10 of the Listing Manual, for the Company to dispose, in whole or in part, of its 4,800,000 Espressif Shares, to the extent mandated and accordingly to the terms under the Disposal Mandate as described in the Circular (the “**Proposed Disposal**”); and
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and to do all acts and things as they and/or each of them may consider desirable, necessary or expedient for the purposes of or in connection with the Proposed Disposal and to give effect to the matters referred to in the above paragraph of this Ordinary Resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

By Order of the Board

**TEO TECK LEONG**  
Managing Director  
30 September 2020

\* Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, companies are allowed to hold meetings using electronic communication, video conferencing, tele-conferencing, or other electronic means in order to comply with the safe distancing measures imposed under the Infectious Diseases (Measures to Prevent the Spread of COVID-19) Regulations 2020. Accordingly, the Company wishes to inform all shareholders that the EGM is being convened, and will be held, by electronic means only and shareholders will not be able to attend the EGM in person. Shareholders may watch the EGM proceedings through a live webcast via their mobile phones, tablets or computers (the “**Live Webcast**”). To do so, shareholders need to pre-register online at <https://sg.conveneagm.com/shinvest> by 10.00 a.m. on 12 October 2020 (the “**Registration Deadline**”) to create an account and to enable the Company to verify their status. Following the verification, authenticated shareholders will receive an email on their authentication status and will be able to access the Live Webcast of the EGM proceedings using the account created. Details of the steps for registration are set out in the Notes. Shareholders are advised to regularly check the Company’s website and SGXNet for updates. In line with the provisions under the COVID-19 Order, **no printed copies of the Notice of EGM, the Circular and/or the EGM Proxy Form (“Documents”) will be despatched to Shareholders.** An electronic copy of each of the Documents has been made available on SGXNET and on the Company’s website at <https://www.shinvest.com.sg/agm-egm>

**IMPORTANT: Please read the Notes below.**

**COVID-19:**

Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020:

- (a) A quorum may be formed by two (2) members of the Company (or one (1) member if permitted by the legal instrument of the Company) personally or electronically present. A member is electronically present at the EGM if the member –
  - (i) attends the EGM electronically;
  - (ii) is verified by the Company's Share Registrar as attending the EGM electronically; and
  - (iii) is acknowledged by electronic means by the Chairman of the EGM as present at the EGM.

**Registration:**

- (b) Members may watch the EGM proceedings through a live webcast via their mobile phones, tablets or computers (the "**Live Webcast**"). To do so, shareholders need to pre-register online at <https://sg.conveneagm.com/shinvest> by 10.00 a.m. on 12 October 2020 (the "**Registration Deadline**"), to create an account and to enable the Company to verify their status.
- (c) Following the verification, authenticated shareholders will receive an email on their authentication status and will be able to access the Live Webcast of the EGM proceedings using the account created. Members who do not receive an email response by 10.00 a.m. on 14 October 2020 but have registered by the Registration Deadline may contact the Share Registrar, RHT Corporate Advisory Pte. Ltd. at [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com) for assistance by 5.00 p.m. on 14 October 2020 with the following details included:
  - (i) Shareholder's full name;
  - (ii) his/her/its identification/company registration number; and
  - (iii) the manner in which the shares are held (e.g. via CDP, CPF or SRS).
- (d) Corporate shareholders must also submit the Corporate Representative Certificate to Share Registrar at [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com), in addition to the registration procedures as set out in paragraph (b) above, by the Registration Deadline, for verification purpose.
- (e) Non-CPF/SRS holders whose shares are registered under Depository Agents ("DAs") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast.

**Voting:**

- (f) Due to time constraints and to reduce unnecessary expenses, members will not be able to vote online on the resolution to be tabled for approval at the EGM. Members (whether individual or corporate) who wish to vote at the EGM must submit a Proxy Form to appoint the Chairman of the EGM to vote on his/her/its behalf.
- (g) In appointing the Chairman of the EGM as proxy, members must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the Proxy Form. Failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
- (h) The Chairman of the EGM, as proxy, need not be a member of the Company.
- (i) Members must submit the Proxy Form through any one of the following means:
  - (i) via <https://sg.conveneagm.com/shinvest> in digital format;
  - (ii) by posting a physical copy to the office of the Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
  - (iii) by sending a scanned PDF copy by electronic mail to [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com),

in either case, **no later than seventy-two (72) hours before the time appointed for holding the EGM (i.e. by 10.00 a.m. on 12 October 2020).**

- (j) The Proxy Form may be accessed at the Company's website at <https://www.shinvest.com.sg/agm-egm> and the SGX website at <https://www.sgx.com/securities/company-announcements>.
- (k) Proxy forms appointing such person other than the Chairman of the EGM shall be deemed to appoint the Chairman of the EGM as proxy.
- (l) In the case of submission of the Proxy Form other than via the EGM website at <https://sg.conveneagm.com/shinvest>, members who wish to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the office of the Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, or before scanning and sending it by email to [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com).

- (m) In the case of submission of the Proxy Form other than via the EGM website at <https://sg.conveneagm.com/shinvest>, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
- (n) In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
- (o) CPF and SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes as soon as possible but not less than seven (7) business days before the EGM (i.e. by 10.00 a.m. on 5 October 2020). Investors who have deposited their shares into a nominee account should also approach the Depository Agents and relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) as soon as possible by the Registration Deadline if they wish to vote.

**Submission of questions prior to the EGM**

- (p) Members may also submit questions related to the EGM through any one of the following means:
  - (i) via the EGM website at <https://sg.conveneagm.com/shinvest>
  - (ii) by electronic mail to [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com) or
  - (iii) by posting a physical copy to the office of the Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712,

**no later than 5.00 p.m. on 7 October 2020.**

- (q) If the questions are posted in physical copy to the office of the Share Registrar or sent via electronic mail, and in either case not accompanied by the completed and executed Proxy Form, the following details must be included with the submitted questions:
  - (i) the member's full name; and
  - (ii) his/her/its identification/ company registration number for verification purposes,failing which the submission will be treated as invalid.
- (r) The Company will address all substantial and relevant questions prior to the EGM on SGXNet, and all responses to such substantial and relevant questions received will be published on SGXNet and the Company's website after the EGM.
- (s) Members will not be able to ask questions at the EGM during the Live Webcast, and therefore it is important for members to register and submit their questions in advance of the EGM.

---

**Personal Data Privacy:**

By submitting the Proxy Form appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, or a preregistration to watch the EGM proceedings, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) for the appointment of the Chairman as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**").

Shareholders should not record the proceedings of the meeting with their mobile phones or via any other electronic means and upload on social media. The proceedings in the meeting are for shareholders, and preservation of confidentiality and privacy of the discussions and persons (Board of Directors including Chairman and other shareholders) in the meeting should be observed.

# SHINVEST HOLDING LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 198905519R)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

### IMPORTANT:

1. For CPF/SRS investors who have used their CPF/SRS monies to buy Shinvest Holding Ltd.'s shares, this Proxy Form is not valid for use by them and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF and SRS investors should contact their respective CPF Agent Banks/SRS Operators if they have any queries with regard to the appointment of the Chairman of the EGM as the proxy.

### Personal Data Policy

By submitting this Proxy Form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of the EGM dated 30 September 2020.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_ (Address)

being a member/members of Shinvest Holding Ltd. ("**Company**"), hereby appoint:

the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held by electronic means on 15 October 2020 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote for, against or to abstain from voting the resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

| Resolution:  | For* | Against* | Abstain* |
|--|------|----------|----------|
| <b>Ordinary Resolution</b><br>To approve the Proposed Disposal |      |          |          |

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or "Abstain" the relevant resolution, please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular reason, you are directing the Chairman of the EGM not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

| Number of Shares held in |  |
|--------------------------|--|
| CDP Register             |  |
| Register of Members      |  |
| <b>TOTAL</b>             |  |

\_\_\_\_\_  
*Signature of Shareholder(s)*  
*or, Common Seal of Corporate Shareholder*

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

- (a) Please insert the total number of shares held by you. If you have Shares registered in your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Share entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, the Proxy Form shall be deemed to relate to all the Shares held by you.
- (b) Pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (amended on 29 September 2020), the Company may provide for members to appoint the Chairman of the EGM as a member's proxy to vote at the EGM by submitting a proxy form to appoint the Chairman of the EGM to vote on his/her/its behalf and/or provide for the member to vote at the EGM through an electronic voting system (subject to certain conditions being satisfied).
- (c) The Company will not be providing an electronic voting system at the EGM to be convened. Accordingly, members will not be able to vote online on the resolution to be tabled for approval at the EGM. Members (whether individual or corporate) who wish to vote at the EGM must submit a Proxy Form to appoint the Chairman of the EGM to vote on his/her/its behalf.
- (d) In appointing the Chairman of the EGM as proxy, members must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the Proxy Form. Failing which, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
- (e) The Chairman of the EGM, as proxy, need not be a member of the Company. Proxy form appointing such person other than the Chairman of the EGM shall be deemed to appoint the Chairman of the EGM as proxy. This Proxy Form may be accessed at the Company's website at <https://www.shinvest.com.sg/agm-egm>, and the SGX website at <https://www.sgx.com/securities/company-announcements>.
- (f) The Proxy Form must be submitted through any one of the following means:
  - (i) via <https://sg.conveneagm.com/shinvest> in digital format;
  - (ii) by posting a physical copy to the office of the Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or
  - (iii) by sending a scanned PDF copy by electronic mail to [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com),

in either case, **no later than seventy-two (72) hours before the time appointed for holding the EGM (i.e. by 10.00 a.m. on 12 October 2020)** (the "Registration Deadline").

- (g) In the case of submission of the Proxy Form other than via the EGM website at <https://sg.conveneagm.com/shinvest>, members who wish to submit Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the office of the Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, or before scanning and sending it by email to [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com).
- (h) In the case of submission of the Proxy Form other than via the EGM website at <https://sg.conveneagm.com/shinvest>, the Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer. Where a Proxy Form is signed on behalf of the appointor or by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
- (i) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
- (j) CPF and SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes as soon as possible **by 10.00 a.m. on 5 October 2020**. Investors who hold their shares under a nominee account should also approach their respective relevant intermediaries as soon as possible by the Registration Deadline if they wish to vote.

**General:**

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject the Proxy Form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PROTECTION ACT CONSENT**

By submitting the Proxy Form appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereafter, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 30 September 2020.